TAX INFO

Latest update on GST Law: Information regarding **No separate registration in the state where the port of clearance is located** based on the **Judgement issued by Karnataka Authority for Advance Ruling**

We expressly disclaim liability to any person in respect of anything done in reliance of the contents of this publication

No separate registration in the state where the port of clearance is located

Name of Applicant	In re Kardex India Storage Solution Pvt. Ltd.
Name of Court	AAR- Karnataka
Appeal Number	KAR ADRG 13/2020
Date of Judgement	18.03.2020

Facts of the Case:

The Applicant is the importer of storage solutions and vertical storage solutions (machines) from Germany and distributes the imported goods to Industrial customers all over India. He is transporting the imported goods from the port of import to his registered place of business at Bangalore and then supplying the same to the customer's. During this process of transportation, he came across lot of logistical problems and found it costly. In view of this, he intends to import the goods to the port nearest to the customer's place and supply directly to customer's location from the said port of import. However, he intends to issue the bill/ tax invoice for the said transaction from the registered place of business at Bangalore.

Questions on which Ruling is sought?

1. Whether the applicant can take credit of IGST paid on import of goods?
2. Whether applicant can issue tax invoice with IGST to the customer?
3. Whether applicant needs to obtain registration in the state where the port of clearance is located?

Contention of Applicant:

The Applicant submitted that the place of supply, in case of import of goods, is the location of the importer, in terms of Section 11(a) of the IGST Act 2017. He also submitted that according to IEC, the location at which importer files the bill of entry for clearance of goods and where the importer is registered under GST is treated as location of the importer. Therefore, he contends that location of the importer is the place of business of the importer and not the state in which the port of import is located unless the importer has some permanent establishment or business place in the port of import.

The applicant submitted that imported goods can be supplied directly from the port of import to customer's place without obtaining registration in the state where goods are imported.

Observations:

The applicant being the importer of storage solutions and vertical storage solutions (machines) from Germany is liable to pay the integrated tax on goods imported into India on reverse charge basis. It is admitted by the applicant that imported goods are further supplied to various industrial customers in India and this implies that imported goods are used in the course or furtherance of his business. Hence the applicant is entitled to claim the credit of IGST paid on imported goods. No provisions under the CGST or SGST or IGST Act 2017 mandate any person to obtain the registration again in the place of port where applicant obtain the custom clearance for further supply of goods.

Ruling:

1. The applicant is eligible to claim credit of IGST paid on import of goods as per section 20 of the IGST Act 2017 read with section 16 of the CGST Act, 2017.
2. The applicant can issue tax invoice with IGST to the customer as per section 20 of the IGST Act 2017 read with section 31 of the CGST Act 2017 for the interstate transaction as provided under section 7(1) of the IGST Act 2017, when the goods are directly dispatched from the port of import with invoicing done from the registered place of business at Bangalore.
3. The applicant need not obtain registration in the state where the port of clearance is located, if he is not having and place of business in the State in which the port is located.