TAMILNADU STATE APPELLATE AUTHORITY FOR ADVANCE RULING
(Constituted under Section 99 of Tamil Nadu Goods and Services Tax Act, 2017)

A.R. Appeal No.01/2026-AAAR Dated: 24.04.2026

BEFORE THE BENCH OF

Shri. Madan Mohan Singh, I.R.S., Principal Chief Commissioner of GST & Central Excise, Member (CGST), Appellate Authority for Advance Ruling, Tamil Nadu.	**Shri. S. Nagarajan, I.A.S.,** Commissioner of State Tax, Member (SGST), Appellate Authority for Advance Ruling, Tamil Nadu.

Order-in-Appeal No. AAAR/05/2026 (AR)

(Passed by Tamil Nadu State Appellate Authority for Advance Ruling under Section 101(1) of the Tamil Nadu Goods and Services Tax Act, 2017)

Preamble

1. In terms of Section 102 of the Central Goods & Services Tax Act,2017/Tamil Nadu Goods & Services Tax Act, 2017("the Act", in Short), this Order may be amended by the Appellate Authority so as to rectify any error apparent on the face of the record, if such error is noticed by the Appellate Authority on its own accord, or is brought to its notice by the concerned officer, the jurisdictional officer or the applicant within a period of six months from the date of the Order. Provided that no rectification which has the effect of enhancing the tax liability or reducing the amount of admissible input tax credit shall be made, unless the appellant has been given an opportunity of being heard.
2. Under Section 103(1) of the Act, this Advance ruling pronounced by the Appellate Authority under Chapter XVII of the Act shall be binding only
(a) on the applicant who had sought it in respect of any matter referred to in sub-section (2) of Section 97 for advance ruling;
(b) on the concerned officer or the jurisdictional officer in respect of the applicant.
3. Under Section 103 (2) of the Act, this advance ruling shall be binding unless the law, facts or circumstances supporting the said advance ruling have changed.
4. Under Section 104(1) of the Act, where the Appellate Authority finds that advance ruling pronounced by it under sub-section (1) of Section 101 has been obtained by the appellant by fraud or suppression of material facts or misrepresentation of facts, it may, by order, declare such ruling to be void ab-initio and thereupon all the provisions of this Act or the rules made thereunder shall apply to the appellant as if such advance ruling has never been made.

Name and address of the Appellant	M/s.Karthik & Co No. 133, Dharapuram Road, Tirupur-641604
GSTIN or User ID	33AAGFK0960K1ZD

www.taxcode.in

Advance Ruling Order against which appeal is filed	46/ARA/2025 dated 17.11.2025
Date of filing appeal	14.01.2026
Represented by	Shri P. Rajavelu, Advocate and Ms. Sahana R., Advocate
Jurisdictional Authority - State	State – Tirupur Division, Tirupur-II Zone, Tirupur Bazaar Assessment Circle
Jurisdictional Authority – Center	Centre – Madurai Commissionerate, Madurai-I Division, Madurai West Range.
Whether payment of fees for filing appeal is discharged. If yes, the amount and challan details	Yes. Payment of Rs. 20,000/- made under Challan CPIN : 26013300126607 dated 14.01.2026.

At the outset, it is made clear that the provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act are in *pari materia* and have the same provisions in like matters and differ from each other only on few specific provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central goods and services Tax Act, 2017 would also mean a reference to the same provisions under the Tamil Nadu Goods and Services Tax Act, 2017.

2. The subject appeal was filed under Section 100(1) of the Tamil Nadu Goods & Services Tax Act, 2017/Central Goods & Services Tax Act, 2017 (hereinafter referred to 'the Act') by M/s. Karthik & Co, (herein after referred to as 'Appellant'). The Appellant is registered under the GST Act vide GSTIN 33AAGFK0960K1ZD. The appeal was filed by the appellant against the Order No.46/ARA/2025 dated 17.11.2025 passed by the Tamil Nadu State Authority for advance Ruling (hereinafter referred to as 'AAR').

3. The Appellant is a partnership company under the administrative control of 'STATE' and they are engaged in the wholesale and retail sales of paints and related products. The appellant purchases paints and other hardware from manufacturers and wholesale traders. The relationship between the paint manufacturers and wholesale traders is purely principal to principal and the manufacturer/supplier provide them (a) Cash discount through credit note and (b) non-monetary benefits

www.taxcode.in

like Gifts, compliments, tickets for entertainment shows and trips. These non-monetary benefits are liable to TDS @10% as 'perquisites' under Section 194R of Income Tax Act. The Appellant is raising tax invoice on these non-monetary considerations received by them. The Appellant had applied for Advance Ruling vide application ARA-01 No.11/2025/ARA dated 28.02.2025, with regard to queries on (i) whether the Tax invoice raised by them for the non-monetary benefits/perquisites is valid under GST Act (ii) whether the value on which TDS deducted under Section 194R of Income Tax Act should be considered as supply? And (iii) if the same is considered as supply, whether it is being construed as supply through any Notification or under any Section of GST Act? The Advance Ruling authority vide Ruling No.46/ARA/2025 dated 17.11.2025 pronounced the decisions that the benefits received by the appellant is 'consideration' towards 'supply of support service' and therefore would be covered under Section 7 of CGST Act, 2017.

4. Aggrieved with the above ruling of the Advance Ruling Authority, the appellant filed this appeal on the ground that Advance Ruling Authority has failed to consider the Circular No. 251/08/2025-GST dated 12-09-2025 which clarifies the treatment of post-sale discounts in case of principal-principal transactions. Further contended that the perquisites are not in the course of furtherance of businesses. The appellant has stated that they have not entered into any agreement with the manufacturer and dealer/end customer.

5. We observe that in this case, the appellant had also filed a petition for condonation of delay and the delay in filing the Appeal by the Appellant has been condoned vide AAAR No.02/2026 (AR). Now the Appeal is taken up for consideration on merits. Accordingly, an opportunity of personal hearing was accorded to the appellant.

6.PERSONAL HEARING

6.1 The appellant was given an opportunity once on 26-03-2026. The appellant expressed his inability to attend the personal hearing on the scheduled date and sought adjournment. Again, the hearing was fixed on 07-04-2026 which was held on 08-04-2026 due to preoccupation of Members.

6.2 Shri. P. Rajavelu, Advocate and Ms. Sahana R, Advocate appeared for the personal hearing on 08-04-2026 as authorized representatives (AR) of M/s. Karthik

www.taxcode.in

& Co. in respect of the appeal filed against the Advance Ruling No.46/ARA/2025 dated 17.11.2025. They submitted a copy of the additional written submissions sent.

6.3 AR explained that M/s.Karthik & Co (Appellant) are engaged in purchasing Paint from manufacturers and selling them to various customers. The Paint manufacturers are offering incentive schemes in the nature of gifts or tour packages to the Appellant upon achievement of targets based on volume of sales. The Appellant had applied for Advance Ruling as to whether the said gifts or tour packages received fall under 'Supply' to merit GST.

6.4 The AR stated at the time of applying for Advance Ruling that M/s. Karthik & Co had inadvertently mentioned that they are a franchise of the Paint manufacturers and that there is no prior agreement between them regarding provision of such non-monetary benefits to them.

The AR stated that the Appellant wishes to state the correct facts as follows:

a) The Appellant purchases paints from the paint manufacturers on principal-to-principal basis and on receiving the title on purchase, they sell the goods independently to various customers.

b) Manufacturers extend monetary or non-monetary post-sale benefits to the Appellant under Dealer schemes upon achievement of targets. There are prior agreements between paint manufacturers and the Appellant in the form of Scheme Documents clearly mentioning the non-monetary benefits.

The AR requested that the above facts be taken on record.

6.5 They referred to the Board Circular No. 251/08/2025-GST dated 12.09.2025 wherein it has been clarified that post-sale discounts offered by manufacturers to dealers shall not be treated as consideration for supply of services.

6.6 The AR also referred to the deduction of Income Tax under Section 194R in respect of benefits or perquisites but that does not imply that there is a supply being done by the appellant to the manufacturer. These benefits only help in boosting the sales of the appellant.

6.7 The AR has further mentioned that there are several case laws listed in their written submissions which support their case. AR requested for the above clarification on the Ruling.

www.taxcode.in

7. DISCUSSION AND FINDINGS:

7.1 We have carefully examined the submissions made by the Appellant in their appeal against the advance ruling No. 46/ARA/2025 dated 17.11.2025 and the submissions made during the personal hearing. We have also considered the issue involved, the relevant facts and the Appellant's submission/interpretation of law in respect of question on which the advance ruling is sought.

7.2 We note that the appellant purchases paints and other hardware from manufacturers and wholesale traders. The relationship between the paint manufacturers and wholesale traders is purely principal to principal and the manufacturer/supplier provide them (a) Cash discount through credit note and (b) non-monetary benefits like Gifts, compliments, tickets for entertainment shows and trips. These non-monetary benefits are liable to TDS @10% as 'perquisites' under Section 194 R of Income Tax. The Appellant is raising tax invoice on these non-monetary considerations received by them.

7.3 We find that the Appellant at the time of applying for Advance Ruling before the Authority for Advance Ruling had furnished that they are a franchise of the Paint manufacturers and that there is no prior agreement between them regarding provision of such non-monetary benefits to them. Based on which the Advance Ruling authority vide Ruling No.46/ARA/2025 dated 17.11.2025 pronounced the decisions that the benefits received by the appellant is 'consideration' towards 'supply of support service' and therefore would be covered under Section 7 of CGST Act, 2017.

7.4 However, we note from the appeal and the submissions made during the personal hearing that the Appellant had inadvertently mentioned certain details at the time of original application and requested to correct the same and take the following facts on record.

a) The Appellant purchases from the paint manufacturers on principal-to - principal basis and on receiving the title on purchase, they sell the goods independently to various customers.
b) Manufacturers extend monetary or non-monetary post-sale benefits to the Appellant under Dealer schemes upon achievement of targets. There are

www.taxcode.in

prior agreements between paint manufacturers and the Appellant in the form of Scheme Documents clearly mentioning the non-monetary benefits.

7.5 We find that the Appellant in their Appeal submissions and personal hearing **has furnished facts which are completely different and divergent from the facts furnished at the time of original application before the original Advance Ruling Authority (AAR).** As such, this Appellate forum (AAAR) is not in a position to pass an order on the Ruling passed by the Advance Ruling Authority due to the change in facts furnished by the Appellant.

8. Accordingly, we pass the following order:

ORDER

We, therefore, remand the case back to the original authority of Advance Ruling to take up the matter afresh and pass a Ruling by following the principles of natural justice.

(MADAN MOHAN SINGH)
Pr.Chief Commissioner of GST &
Central Excise, TN & Puducherry
Zone/Member AAAR

(S.NAGARAJAN)
Commissioner of State Tax
Tamil Nadu / Member AAAR

To
M/s. KARTHIK & CO.,
GSTIN: 33AAGFK0960K1ZD
No. 133, Dharapuram Road,
Tirupur - 641604

Copy to:

1. Office of the Principal Chief Commissioner of GST & Central Excise, 26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.
2. Office of the Commissioner of Commercial Taxes, II Floor, Ezhilagam, Chepauk, Chennai-600 005.
3. The Commissioner of Central GST & Central Excise, Madurai Commissionerate, No. 4, Lal Bahadur Shastri Road, Bibikulam, Madurai-625002
4. The Assistant Commissioner (ST), Tirupur Bazaar Assessment Circle, Tirupur-641603.
5. Master File/ Spare-2

www.taxcode.in