KERALA AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX DEPARTMENT
TAX TOWER, THIRUVANANTHAPURAM

BEFORE THE AUTHORITY OF: Shri Jomy Jacob IRS &
: Shri Mansur M.I.

Legal Name of the applicant	M/s Dynamic Techno Medicals Private Limited
GSTIN	32AAACD8262E1Z0
ARN No.	AD320223000628N
Address	P.O.B. No. 45, Ashokapuram, N.A.D. Road, Aluva, Ernakulam, Kerala-683101
Advance Ruling sought for	1.Whether products issued for demonstration by product specialist for marketing is to be treated at par with "Physicians Sample-Not for Sale" – for the purpose of procedural compliance of GST laws and procedures? 2.Whether any reversal of ITC is to be made for items issued for the purpose of demonstration by the Product Specialists, by treating it at par with issue of physician sample?
Date of Personal Hearing	20/06/2025
Authorized Representative	Sri. Stanly James, Chartered Accountant

ADVANCE RULING No.KER/22/2025 Dated 23.07.2025

1. M/s Dynamic Techno Medicals Private Limited, P.O.B. No. 45, Ashokapuram, N.A.D. Road, Aluva, Ernakulam, Kerala-683101 *(hereinafter referred to as the applicant)* is engaged in the manufacture and marketing of various health aid products which inter alia include products such as Comprezon - Varicose Vein Stockings, Elnova - Surgical Lumbo Sacral Corset, New Mom maternity pad, Topgrip - Compression Bandage, Easyfix - Clear ECI Cannula Fixator etc. M/s Dynamic Techno Medicals Private Limited is registered under GST Act 2017 bearing GSTIN 32AAACD8262E1Z0.

AUTHORITY FOR ADVANCE RULING GST KERALA

2. In this ruling, a reference to the provisions of the CGST Act, Rules and Notifications issued there under shall include a reference to the corresponding provisions of the KSGST Act, Rules and the Notifications issued thereunder.

3. The issues on which advance ruling sought are stated above.

4. Contentions of the Applicant

4.1 The applicant is engaged in the manufacture and marketing of various health aid products, including, inter alia, *Comprezon* (Varicose Vein Stockings), *Elnova* (Surgical Lumbo Sacral Corset), *New Mom* (Maternity Pad), *Topgrip* (Compression Bandage), *Easyfix- Clear ECI*, and *Cannula Fixator*, among others.

4.2 The applicant submits that the products that they manufactures and markets are relatively new in the market. As part of its marketing strategy, the applicant engages Product Specialists and provides them with demo samples. A fixed set of demo samples, specific to each sales division, is entrusted to every Product Specialist on a regular basis for field demonstrations. These samples are used to showcase the application and functional efficacy of the products and to allow prospective customers to experience the quality and key features firsthand. Demonstrations using these samples are conducted at hospitals, clinics, medical colleges, patient education programs, paramedical meetings, and national/state-level medical conferences. Given evolving marketing dynamics, demo samples are also dispatched to marketing executives for display and exhibition purposes. These samples are never sold to end users. After being used for several demonstrations, they typically become worn out and are returned to the factory as scrap. Certain products, such as *Easyfix – Clear ECI* and *New Mom Maternity Pad,* must be disposed of after each use due to hygiene and safety considerations.

4.3 The applicant further submits that, since these demo samples are not sold for any consideration, no GST is payable on such dispatches. These samples remain the property of the applicant and are treated as scrap in the stock register once they are no longer usable. Such scrap is cleared on payment of applicable GST on its value. Accordingly, the applicant is of the view that the dispatch of demo samples for demonstration purposes does not require reversal of Input Tax Credit (ITC), as tax is eventually paid when the scrap is cleared.

4.4 Based on the above, the applicant contends that the demo products issued to Product Specialists for marketing and educational purposes should not be equated with "Physicians' Samples – Not for Sale" and thus must be treated differently for the purposes of GST compliance.

5. Comments of the Jurisdictional Officer

The application was forwarded to the jurisdictional officer as per provisions of Section 98 (1) of the CGST Act. The Jurisdictional Officer reported that there are no pending or decided proceedings against the applicant under any provisions of the CGST Act 2017.

6. Personal hearing-

The applicant was granted opportunity for personal hearing on 10-09-2024 and a rehearing was conducted on 20/06/2025 due to the change of Central and State members Sri.Stanly James, Chartered Accountant represented the applicant for both the personal hearings, and reiterated the contentions made in the application.

7. Discussion and conclusion.

7.1 The application is admissible under clause (d) and clause (e) of sub-section (2) of Section 97 of the CGST Act, 2017. Clause (d) permits an applicant to seek an advance ruling on the admissibility of input tax credit, while clause (e) allows a ruling on the determination of the liability to pay tax on any goods or services. In the present case, the applicant seeks a ruling on whether the goods issued for demonstration purposes are to be treated as physicians' samples for the purpose of GST procedural compliance, and whether any reversal of input tax credit is warranted. These questions directly relate to the eligibility of input tax credit and potential tax liability on such transactions, thereby falling within the scope of Section 97(2)(d) and (e) and are accordingly admissible before this Authority.

AUTHORITY FOR ADVANCE RULING
GST KERALA

7.2 The matter has been examined in detail. The applicant is engaged in the supply of health aid products. The products under consideration are issued to Product Specialists, who use them for demonstration purposes to prospective customers. These demo units, once worn out through repeated use, are neither sold nor distributed but are disposed of as scrap, on payment of applicable GST. The core issue for determination is whether such demo items are to be treated on par with "Physicians' Samples – Not for Sale" and whether Input Tax Credit (ITC) reversal is required in respect of such demo items.

7.3 The first question pertains to whether the issuance of demo items qualifies as disposal akin to "Physicians' Samples – Not for Sale". A fundamental distinction between demonstration goods and physicians' samples lies in the transfer of title. In the case of physicians' samples, the manufacturer relinquishes ownership of the goods by providing them to a medical practitioner free of charge, with the goods typically labelled as "Physician's Sample – Not for Sale." This constitutes a permanent disposal of the goods, albeit without consideration, and thus falls within the scope of blocked credit under Section 17(5)(h) of the CGST Act, which disallows ITC on goods disposed of by way of free samples or gifts. By contrast, in the present case, the demo products issued to Product Specialists are not permanently transferred or gifted, but are provided solely for demonstration purposes. Ownership remains with the applicant, and the products are eventually scrapped on payment of applicable GST. The Product Specialists merely act as custodians or agents of the company. Therefore, there is no disposal or transfer of title at the time of issuance, and such demo goods cannot be equated with physician samples either factually or legally.

7.4 In this context, it is further observed that the issuance of demo items is not made for any consideration, nor does it fall within the ambit of "sale, transfer, barter, exchange, licence, rental, lease or disposal" as contemplated under Section 7 of the CGST Act, 2017. Physicians' samples typically involve a one-time, irrevocable distribution of goods free of cost, resulting in the transfer of ownership to the recipient. In contrast, the demo items in the present case are provided exclusively for demonstration and educational purposes, and are not

AUTHORITY FOR ADVANCE RULING GST KERALA

distributed to customers or any third party. The Product Specialists merely use these goods as representatives of the applicant, and the goods continue to remain the property of the applicant throughout their lifecycle. Once worn out through repeated use, such items are recorded as scrap in the stock register and cleared on payment of applicable GST. Therefore, since there is no transfer of ownership or disposal at the stage of issuance, the act of issuing demo items cannot be equated with the distribution of physicians' samples. Legally, the first and only point of "supply" in terms of GST occurs when the goods are finally scrapped and cleared with tax payment. As such, the issuance of demo units does not amount to disposal under GST law and cannot be treated on par with 'Physicians' Samples – Not for Sale'.

7.5 The second question concerns the requirement of reversal of Input Tax Credit (ITC) on goods issued for demonstration purposes. In the case of physicians' samples, which are supplied free of cost without any expectation of return and involve a permanent transfer of ownership, the provisions of Section 17(5)(h) of the CGST Act, 2017 are attracted, as such goods are considered to be "disposed of by way of gift or free samples," rendering the corresponding ITC ineligible. This position has also been clarified by the CBIC in Circular No. 92/11/2019-GST, which treats free samples as being outside the scope of eligible business use for ITC purposes. However, there is a material difference in both the purpose and business treatment of demo goods issued by the applicant. Unlike free samples, these items are intended for use in the course or furtherance of business specifically for live demonstrations to prospective customers or institutions with the ultimate aim of generating taxable sales. The demo items are not consumed or retained by the recipient; instead, they remain under the ownership of the applicant and form part of the business asset pool until they are scrapped, at which point GST is duly paid on the scrap value. Accordingly, there is no disposal at the time of issuance that would trigger the restrictions under Section 17(5)(h), and the issuance of such goods constitutes a legitimate business use. Therefore, the Input Tax Credit on such demonstration items is not barred under the GST framework, and the requirement to reverse ITC does not arise.

8. Given the observations stated above, the following rulings are issued;

RULINGS

Question No. 1. Whether products issued for demonstration by product specialist for marketing is to be treated at par with "Physicians Sample-Not for Sale" – for the purpose of procedural compliance of GST law and procedures?

Ruling: No. The products issued for demonstration purpose is not to be treated at par with "Physicians Sample-Not for Sale" – for the purpose of procedural compliance of GST law and procedures

Question No.2 Whether any reversal of Input Tax Credit is to be made for items issued for the purpose of demonstration by the Product Specialists, by treating it at par with issue of physician sample?

Ruling: No. No reversal of Input Tax Credit is to be made for items issued for the purpose of demonstration by the product specialists, by treating it at par with issue of physician sample.

Jomy Jacob IRS
Addl. Commissioner of Central Tax
Member

Mansur M.I.
Joint Commissioner of State Tax
Member

To,

M/s Dynamic Techno Medicals Private Limited,
P. O.B. No. 45, Ashokapuram, N.A.D. Road,
Aluva, Ernakulam, Kerala-683101

OFFICE OF THE COMMISSIONER STATE G.S.T.D KERALA THIRUVANANTHAPURAM

AUTHORITY FOR ADVANCE RULING GST KERALA

Copy submitted to:

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin-682018. [E-mail ID: cccochin@nic.in; ccu-cexcok@nic.in]

2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram– 695002.[email: cst.sgst@kerala.gov.in].

3. The Commissioner of Central GST and Central Excise, Cochin Commissionerate.

Copy to:

1. The Joint Commissioner, TPS, HQ, Thiruvananthapuram.
2. The Deputy Commissioner, ITMD, Thiruvananthapuram.
3. The State Tax Officer, Tax Payer Services Circle, Aluva.
4. The Supdt. of Central Tax, Aluva Division, Aluva Range.

AUTHORITY FOR ADVANCE RULING
GST KERALA