NATION TAX MARKET	**KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM**	KERALA GST State Goods & Services Tax

BEFORE THE AUTHORITY OF : Shri Jomy Jacob IRS &

: Shri Mansur M.I.

Legal Name of the applicant	NAVALT SOLAR & ELECTRIC BOATS PRIVATE LIMITED
GSTIN	32AAECN5227B1Z1
ARN	AD321124004089M
Address	3/114, Methanam, Ground floor, Methanam Road, Near Pattupurakkal Bhagavathy Temple, Udyogamandal, Eloor, Ernakulam, Kerala, 683501
Advance Ruling sought for	1) Whether the applicant can issue Tax invoices at the time of receiving advance or part payment from the customers in the case of Domestic and Exports Sales of goods and declare the same as turnover in the corresponding GST return period and pay the taxes accordingly, even though the process involved is not a service? 2) If applicant can issue multiple tax invoices for supply of same goods upon receipt of advances as queries in (1) above, at the time of delivery of the boat, whether applicant can issue the Tax invoice for balance amount receivable from the customer and show the full value of the boat in the E-way bill for transportation of the consignment supported

AUTHORITY FOR ADVANCE RULING GST KERALA

	by all tax invoices already issued to the customer against the advances? 3) Whether instead of issuing the tax invoice for the balance amount received as stated in (2) above, whether Tax Invoice for total value of boat can be issued at the time of delivery of boat and issue Tax credit notes against advances or part payments received for which Tax invoices are issued earlier to offset the tax liability?
Date of Personal Hearing	08-08-2025
Authorized Representative	Sri. Girish J, Chartered Accountant

ADVANCE RULING No. KER/ 36/2025 Dated 10.10.2025

1. The applicant, M/s NAVALT SOLAR & ELECTRIC BOATS PRIVATE LIMITED is a Private Limited Company having GSTIN 32AAECN5227B1Z1. The applicant is engaged in the business of manufacturing, supply, and servicing of solar and electric boats. The applicant undertakes the design and construction of boats based on customer-specific requirements.

2. In this Ruling, a reference hereinafter to the provisions of the CGST Act, Rules or the notifications issued there under shall include a reference to the corresponding provisions of the KSGST Act, Rules or the Notifications issued there under.

3. The details of the questions on which advance ruling is sought are given above and are not being reproduced here.

4. The facts of the issue: The brief facts of the matter, as submitted by the applicant, are as follows.

AUTHORITY FOR ADVANCE RULING
GST
KERALA

4.1 The applicant is engaged in the business of manufacturing, supply, and servicing of solar and electric boats. The applicant undertakes the design and construction of boats based on customer-specific requirements.

4.2 Payments from customers are received in multiple stages, which include:

- An initial advance at the time of order confirmation,
- Part payments during different phases of the manufacturing process, and
- Final payment upon delivery of the boat.

4.3 The activity involved is the supply of goods and not of services. Additionally, the manufacturing process for each boat may take several months and, in some cases, extend beyond a financial year and the recognition of revenue may take considerable time. Consequently, they are not issuing tax invoices upon receipt of advances or part payments from the customers, and are presently not paying GST on advance received for supply of goods. In such instances, the applicant is recording the advance received from the customers as receipts and tax invoice is issued upon supply of the boat. Furthermore, they recognize the advances received as "Unbilled Revenue" in their books of accounts, based on the percentage of completion method, even when no physical delivery has occurred and no tax invoice has been issued. This revenue recognition is stated to be in compliance with applicable accounting standards.

4.4 The applicant proposes to issue tax invoices upon receipt of each advance payment and to recognize the corresponding income in the financial year in which the payment is received. Accordingly, the revenue for each year will be reported in the financial statements for the respective financial year. Now, at the time of delivery, the applicant is required to generate an E-way bill for transportation of the boat to the customer's location. The applicant has represented that where tax invoices have been issued in different stages corresponding to advances received, and a final tax invoice is issued only for the balance amount, the E-way bill generated on the basis of the final invoice would not reflect the full value of the goods. This may result in a mismatch between the invoice value and the value shown in the E-way bill and the GST portal.

AUTHORITY FOR ADVANCE RULING GST KERALA

4.5 To further address this issue, the applicant proposes an alternative approach, i.e., to issue a single tax invoice for the total value of the boat at the time of delivery, and subsequently issue credit notes to adjust for the earlier invoices raised against advances. However, applicant finds that this approach is subject to practical constraints, particularly with respect to the statutory time limits for issuing credit notes under the GST law, especially where the manufacture and delivery of the boat span multiple financial years.

4.6 These facts have been presented before the Authority for consideration in light of the applicant's specific business model, billing practices, and the compliance framework (GST invoicing and E-way bill) under GST law.

5. Applicant's Interpretation of Law and Position on Taxability are as follows.

5.1 The applicant submits that as per the prevailing provisions of the Central Goods and Services Tax (CGST) Act, 2017, there is no mandatory requirement to pay GST on advance amounts received against the supply of goods. Notification No. 66/2017-Central Tax dated 15.11.2017 exempts registered persons (other than those under the composition scheme) from payment of tax at the time of receipt of advances for supply of goods. However, the applicant contends that this exemption is discretionary in nature and not mandatory. It provides a beneficial option to the registered person, but does not prohibit them from choosing to pay GST on advances received and issue tax invoices accordingly. Therefore, the applicant is of the view that they may, at their discretion, opt not to avail the exemption and instead pay GST on receipt of advance if tax invoices are issued at that stage.

5.2 In support of this position, the applicant refers to Section 31(1) of the CGST Act, 2017, which provides that a registered person supplying taxable goods shall issue a tax invoice before or at the time of (a) removal of goods for supply involving movement, or (b) delivery of goods or making them available to the recipient in any other case. Based on this provision, the applicant submits that there is no restriction on issuing a tax invoice prior to the actual removal or

AUTHORITY FOR ADVANCE RULING GST KERALA

delivery of goods. Consequently, a tax invoice can be issued at the time of receiving an advance payment, provided it is issued before the removal of goods, which satisfies the requirements of Section 31.

5.3 Furthermore, the applicant notes that the liability to pay GST on supply of goods arises in accordance with Section 12(2)(a) of the CGST Act, which states that the time of supply of goods is the earlier of the date of issue of the invoice or the last date on which such invoice is required to be issued. Accordingly, if the applicant voluntarily issues a tax invoice at the time of receipt of advance, GST liability will arise at that point. In this context, the applicant asserts that there is no bar under the law that prohibits payment of tax on advances received, provided the tax invoice is issued in accordance with the relevant provisions.

5.4 The applicant acknowledges that under the current legal framework, there is no obligation to issue a tax invoice at the time of receipt of advance for goods, and consequently, no tax liability arises at that stage in the ordinary course. However, considering the operational complexities related to revenue recognition, invoicing, and generation of E-way bills at the time of delivery, the applicant seeks to confirm whether a proactive approach of issuing tax invoices upon receipt of advance and paying GST accordingly would be legally permissible. The applicant believes that such an approach, though not mandatory, is permissible under the law and consistent with the flexibility provided to registered persons under the CGST Act and related notifications.

6. 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 has not submitted any remarks and hence it is presumed that the jurisdictional officer has no specific comments to offer. It is also construed that no proceedings are pending on the issue against the applicant.

AUTHORITY FOR ADVANCE RULING GST KERALA

7. Personal Hearing:

The applicant was granted an opportunity for a personal hearing on 16-04-2025 and the applicant requested adjournment and the same was granted by the authorities by posting the application for hearing on 08-08-2025. Sri. Girish J, Chartered Accountant represented for the applicant in personal hearing. In the hearing, he explained the nature of activity undertaken by the applicant and reiterated the contentions submitted in the written application.

8. Discussion and Findings:

8.1. On review of the application, facts, and hearing submissions, it is found that the questions fall under Section 97(2) (b) and (e) of the CGST Act, relating to notification applicability and tax liability determination. The application is therefore admitted for consideration on merits.

8.2 The applicant manufactures and supplies custom-built solar and electric boats and in this regard, receives part payments in different stages before delivery of the goods. Currently, the applicant only issues a receipt and is not paying GST on advances, and tax invoices are issued only upon final delivery. However, they want to know whether there is any bar on issuing invoice and paying tax as and when advances are received. In the event of switching to this procedure, there would be a difference between the value in e-way bill and final invoice value since e-way bill would cover the value of supply in full whereas the final invoice would cover only the outstanding amount after discounting the advances received. The likelihood of this difference has also been raised as a concern by the applicant. They also want to know whether they can raise a tax invoice for the total value of supply at the time of delivery of goods and offset the advances received against issuance of credit notes to the customer.

8.3 The applicant submits that Notification No. 66/2017-Central Tax dated 15.11.2017 exempts the applicant from payment of tax at the time of receipt of advances for supply of goods, but that it is only a benefit available to them and is therefore a facility which they can avail at discretion but is not mandatory. The applicant is also of the view that it is well within the limits of law to issue

AUTHORITY FOR ADVANCE RULING GST KERALA

invoice before the removal of goods and has cited the provisions of Section 31(1) of the CGST Act, 2017 in support of their claims.

8.3.1 We have examined Notification No. 66/2017-Central Tax dated 15.11.2017, which provides that all registered persons who have not opted for the composition levy under Section 10 of the CGST Act shall pay central tax on the outward supply of goods at the time of supply as specified in Section 12(2)(a) of the Act and furnish returns accordingly. Since the Notification uses the word *"shall"*, we are of the opinion that compliance is mandatory, and the time of supply is to be determined as the earlier of the date of issue of invoice or the last date on which the invoice is required to be issued under Section 31. Although it appears that Section 12(2)(b) states that the time of supply to be the date of receipt of payment, this clause has been expressly excluded by the Notification in the case of such registered persons (who has not opted for composition levy) and therefore, in the applicant's case, we are of the opinion that tax liability arises at the time of supply under Section 12(2)(a), i.e., time of supply of goods, irrespective of when payment is received.

8.3.2 Notification No. 66/2017–Central Tax, issued under Section 148 of the CGST Act, specifies that suppliers of goods who are not under the composition scheme shall pay tax at the time of supply as per Section 12(2)(a), including in situations covered by Section 14. This effectively curtails the applicability of Section 12(2)(b), the date-of-payment trigger for determining the time of supply of goods. The express reference to Section 14 ensures that even in cases involving change in the rate of tax, the time of supply shall continue to be reckoned only on the basis of the invoice date, thereby excluding advances from taxability altogether.

8.3.3 The applicant has also advanced a contention that Notification No. 66/2017–Central Tax, dated 15 November 2017, merely grants an exemption which is optional in nature and that the applicant may, at its discretion, choose not to avail such benefit and instead pay GST on advances received for supply of goods. This contention, however, cannot be accepted. Notification No. 66/2017 is not an exemption issued under Section 11 of the CGST Act, which enables the

AUTHORITY FOR ADVANCE RULING GST KERALA

Government to exempt certain supplies from tax conditionally or unconditionally. Rather, it has been issued under Section 148, which empowers the Government to specify special procedures to be followed by *certain classes of registered persons* with respect to registration, furnishing of returns, payment of tax, and allied matters. The notification thereby lays down a mandatory procedural rule for suppliers of goods namely, that they *shall* pay tax at the time of supply as determined by Section 12(2)(a) of the Act. The use of the word *"shall"* in the operative portion of the notification denotes an imperative command and not a permissive option. It alters the timing of tax liability for the entire class of persons supplying goods by disabling the operation of Section 12(2)(b) (relating to the date of payment) and confining the time of supply solely to the invoice date as per Section 12(2)(a). Therefore, the procedure prescribed by this notification is binding on all taxpayers within that class; it is not an optional concession that can be waived or ignored at will.

8.3.4 This position is fortified by settled judicial principles. The Hon'ble Supreme Court in *Hukam Chand Shyam Lal v. Union of India* [(1976) 2 SCC 128] held that where a statute prescribes that a thing must be done in a particular manner, it must be done in that manner or not at all. Similarly, in *CIT v. Shahzada Nand & Sons* [(1966) 60 ITR 392 (SC)], it was observed that a taxpayer cannot, by declining to claim a statutory relief or by voluntarily foregoing it, alter the incidence of tax as determined by law. Applying these principles, the timing of tax payment prescribed under Section 148 read with Notification No. 66/2017 is not a matter of taxpayer choice but a statutory mandate. Once the law prescribes that suppliers of goods shall pay tax only at the time of issue of invoice and not upon receipt of advance, no discretion exists to revert to the earlier method of payment on advances. Any tax paid contrary to this special procedure would have no legal sanction under the Act.

8.3.5 The applicant also proposes to justify their requirement on the strength of Section 31 which is as detailed above in paragraph 4.2. However, what the provision states is that a registered person supplying taxable goods shall, before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods, issue a tax invoice. Here, unlike in the case of supply of services, which can be continuous, supply of goods is quantised and tangible. Hence, with regard to supply of goods, we find that this Section envisages issuing 'a tax invoice' and does not envisage issuance of multiple tax invoices for supply of a single product.

8.3.6 In addition to the discussions above, we also find that Section 31 (3) (d) of the CGST Act, 2017 squarely covers the situation faced by the applicant and it says that "a registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a receipt voucher or any other document, containing such particulars as may be prescribed, evidencing receipt of such payment". Thus, we are of the opinion that the proper document to cover advance with regard to supply of goods is not an invoice, but a "receipt voucher or any other document, containing such particulars as may be prescribed". The document in this regard is prescribed under Rule 50 of the CGST Rules, 2017. On verification of this Rule, we find that the prescribed document is not the same as a Tax Invoice prescribed under Rule 46 of the CGST Rules, 2017. Hence, the particular situation as expressed in the application is not to be circumvented by issuance of multiple invoices, but by issuance of document under Rule 50 (receipt voucher) with regard to advances and by issuance of document under Rule 46 (Invoice) at the time of supply. GST law does not permit issuance of multiple tax invoices for a single supply in case of supply of goods.

8.3.7 It is pertinent to note that while Notification No. 66/2017–Central Tax alters the determination of "time of supply" under Section 12(2) by confining it to clause (a), the issuance of tax invoice is governed independently by Section 31 of the CGST Act. In terms of Section 31(1), a registered person supplying taxable goods shall issue a tax invoice before or at the time of removal or delivery of goods. The provision does not envisage the issuance of an invoice months in advance merely upon receipt of an advance payment. For such advances, Section 31(3)(d) specifically prescribes the issue of a receipt voucher. Thus, while the time of supply is linked to the date of invoice as per Section 12(2)(a),

AUTHORITY FOR ADVANCE RULING GST KERALA

the permissible point of issuing that invoice is limited to the stage of actual or imminent supply as contemplated in Section 31(1).

8.4 The methods proposed by the applicant, such as issuing a single tax invoice for the total value of the supply at the time of delivery and thereafter issuing credit notes to adjust the advances received, are not in alignment with the statutory provisions. Though such an exercise may appear revenue neutral in effect, it cannot be accepted in view of the procedural and technical framework prescribed under the GST law. The issuance of credit notes is governed by Section 34 of the CGST Act, which permits such adjustment only against valid tax invoices issued for completed supplies and within the prescribed time limits. Since tax invoices cannot be issued against advances for goods as per Sections 31(3)(d) and 12(2)(a), the subsequent issuance of credit notes to nullify such invoices would lack legal sanction. Hence, the method proposed, though not intended to evade tax, cannot be recommended as it contravenes the procedural discipline envisaged under the Act and the Rules.

8.5 Thus, from the submissions by the applicant read with the relevant provisions of law, we are of the opinion that the applicant cannot issue multiple tax invoices against a single supply of goods. Instead, receipt vouchers must be issued at the time of receiving advances, and a single tax invoice should be issued at the time of final delivery of the goods. The corresponding E-way bill shall be generated against this final invoice, reflecting the entire value of the consignment. While the applicant may reflect advances received in the final invoice for accounting clarity as per the relevant accounting standards, the invoice value must match the value of goods transported. Recognition of unbilled revenue in financial statements does not create a mandatory GST liability. The applicant may choose to discharge GST at the time of advance receipt or upon delivery of goods, at their discretion, in accordance with law.

9. In the light of the facts and legal position as stated above, the following ruling is issued:

AUTHORITY FOR ADVANCE RULING GST KERALA

RULINGS

Question 1- Whether the applicant can issue Tax invoices at the time of receiving advance or part payment from the customers in the case of Domestic and Exports Sales of goods and declare the same as turnover in the corresponding GST return period and pay the taxes accordingly, even though the process involved is not a service?

Ruling: No,. the applicant is not permitted to issue tax invoices at the time of receiving advance or part payment from customers towards the supply of goods, whether in respect of domestic or export sales. In accordance with the provisions of the Central Goods and Services Tax Act, 2017 and the CGST Rules, advances received prior to the actual supply of goods must be documented through a receipt voucher as prescribed under Rule 50. A tax invoice may be issued only at or before the time of removal or delivery of goods, as stipulated under Section 31(1) of the CGST Act.

Question 2- If applicant can issue multiple tax invoices for supply of same goods upon receipt of advances as queries in (1) above, at the time of delivery of the boat, whether applicant can issue the Tax invoice for balance amount receivable from the customer and show the full value of the boat in the E-way bill for transportation of the consignment supported by all tax invoices already issued to the customer against the advances?

Ruling: Since the answer to Question 1 is in the negative, the present question becomes infructuous and does not merit a separate ruling.

Question 3- Whether instead of issuing the tax invoice for the balance amount received as stated in (2) above, whether Tax Invoice for total value of boat can be issued at the time of delivery of boat and issue Tax credit notes against advances or part payments received for which Tax invoices are issued earlier to offset the tax liability?

Ruling: No. As the applicant is not permitted to issue tax invoices against advances received, the question of issuing credit notes to offset such invoices

AUTHORITY FOR ADVANCE RULING GST KERALA

does not arise. Under Section 34 of the CGST Act, credit notes are permissible only in respect of valid tax invoices issued against actual supplies. Hence, this question is not applicable.

Jomy Jacob IRS
Addl. Commissioner of Central Tax
Member

Mansur M.I.
Joint Commissioner of State Tax
Member

To

M/s Navalt Solar & Electric Boats Private Limited,
3/114, Methanam, Ground floor, Methanam Road,
Near Pattupurakkal Bhagavathy Temple,
Udyogamandal, Eloor, Ernakulam, Kerala, 683501.

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.
3. The Commissioner of Central Tax and Central Excise, Cochin Commissionerate, Ernakulam.

Copy to:

1. Additional Commissioner, TPS (HQ), Thiruvananthapuram.
2. The Deputy Commissioner, ITMD, Thiruvananthapuram.
3. The Assistant Commissioner/State Tax Officer, Tax Payer Services Circle, Edappally.
4. The Superintendent, CBIC, Kakkanad Range-3, Kakkanad Division.

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

AUTHORITY FOR ADVANCE RULING GST KERALA