

**THE AUTHORITY FOR ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU - 560 009**

Advance Ruling No. KAR ADRG 56/2020

Date : 15-12-2020

Present:

1. **Dr. Ravi Prasad M.P.**
Additional Commissioner of Commercial Taxes Member (State Tax)
2. **Sri. Mashhood ur Rehman Farooqui,**
Joint Commissioner of Central Tax Member (Central Tax)

1.	Name and address of the applicant	M/s Alfa Granites, # 145, 2 nd Floor, Kodihalli, Old Airport Road, HAL 2 nd Stage P.O., Next to Victor Mansion Building, Bengaluru - 560 008.
2.	GSTIN or User ID	29AAVFA7448M1ZG
3.	Date of filing of Form GST ARA-01	29.09.2020
4.	Represented by	Sri. Syed Nayaz Pasha, Finance Manager & Authorised Representative
5.	Jurisdictional Authority - Centre	The Principal Commissioner of Central Tax, Bangalore East Commissionerate, Bengaluru.
6.	Jurisdictional Authority - State	LGSTO-45, Bengaluru.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act 2017 and Rs.5,000/- under KGST Act 2017 vide CIN UTIB20082900292486 dated 26.08.2020.

**ORDER UNDER SECTION 98(4) OF THE CGST TAX ACT, 2017
& UNDER 98(4) OF THE KGST ACT, 2017**

1. M/s Alfa Granites (called as the 'Applicant' hereinafter), # 145, 2nd Floor, Kodihalli, Old Airport Road, HAL 2nd Stage P.O., Next to Victor Mansion Building, Bengaluru - 560 008, Karnataka, having GSTIN number 29AAVFA7448M1ZG, have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 & KGST Act, 2017 read with Rule 104 of CGST Rules 2017 & KGST Rules 2017, in form GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.

2. The applicant is a registered partnership firm and are holders of **Building Stone Quarry Lease** in Malur, Kolar District, Karnataka. They entered into Memorandum of Understanding (MOU) with Virat Associate LLP in accordance to which Virat Associate LLP shall extract and use the building stone by using its own men and machinery & in turn shall pay Rs.25/- per Metric Ton to the applicant as **Owner's Royalty** along with 18% GST, under forward charge mechanism.



3. The applicant is also collecting DMG Royalty (Department of Mines & Geology Royalty) and District Mineral Fund (DMF) from Virat Associate LLP, in addition to the Owner's Royalty. The applicant is discharging GST @ 18% on DMG Royalty & DMF under reverse charge mechanism, in terms of Notification No.13/2017-Central Tax (Rate) dated 28.06.2017. Further GST @ 18% is being discharged by the applicant on forward charge mechanism. In view of the above, applicant seeks advance ruling, with regard to determination of liability to pay tax, in respect of the following question:

Whether the applicant has to discharge GST on the total amount being collected by them from Virat Associate LLP, which includes DMG Royalty, DMF & Owner's Royalty, under forward charge mechanism or on Owner's Royalty only?

4. The applicant contends that they are liable to discharge GST @ 18% on the Owner's Royalty Component only but not on the amounts collected towards DMG Royalty & DMF, as the GST on the said amounts is being discharged by them under Reverse Charge mechanism and hence it amounts to double taxation which is against the spirit of Law.

5. The applicant had been given an opportunity of hearing on 15.10.2020. Sri. Syed Nayaz Pasha, Finance Manager & Authorised Representative of the applicant attended the hearing & reiterated their contentions. However, the applicant vide their letter dated 23.11.2020, requested this authority to permit them to withdraw their application for advance ruling, quoting the reason that certain clauses of the MOU have been mended due to the ill effect of COVID-19 and consequential slow down of the business.

6. In view of the above, we pass the following

R U L I N G

The application filed by the Applicant for advance ruling is disposed off as withdrawn.


(Dr. Ravi Prasad.M.P.)

Member

Karnataka Advance Ruling Authority
Bengaluru - 560 009

Place : Bengaluru

Date : 15-12-2020

To,

The Applicant

Copy to :

The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.


The Commissioner of Commercial Taxes, Karnataka, Bengaluru.

The Principal Commissioner of Central Tax, Bangalore East Commissionerate, Bengaluru.

The Asst. Commissioner, LGSTO-45, Bengaluru

Office Folder

Alfa Granites


(Mashhood ur Rehman Farooqui)

Member

MEMBER

Karnataka Advance Ruling Authority
Bengaluru - 560 009