

**AUTHORITY FOR ADVANCE RULING, TAMIL NADU
NO.207, 2ND FLOOR, PAPJM BUILDING, NO.1, GREAMS ROAD,
CHENNAI -600 006.**

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND UNDER
SECTION 98(4) OF THE TNGST ACT, 2017.**

Members present:

Sri. Balakrishna S. I.R.S., Additional Commissioner/ Member (CGST), Office of the Commissioner of GST & Central Excise, Audit II Commissionerate, Chennai -600 035.	Smt. A. Valli, M.Sc., Joint Commissioner/Member (SGST), Office of the Commissioner of Commercial Taxes, Chennai-600 006.
---	--

Advance Ruling No. 18/ARA/2024, Dated: 20.09.2024

- 1. Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-Section (1) of Section 100 of CGST Act 2017/ TNGST Act 2017, within 30 days from the date on the ruling sought to be appealed, is communicated.*
- 2. In terms of Section 103(1) of the Act, Advance Ruling pronounced by the 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. In terms of Section 103(2) of the Act, this advance ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.*
- 4. Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.*
- 5. The provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act (hereinafter referred to as the 'Act') are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Services Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Services Tax Act.*

GSTIN Number, if any / User id		33AAGCM7896R1ZE
Legal Name of Applicant		M/s. Murata Electronics (India) Private Limited
Trade Name of Applicant(Optional)		M/s. Murata Electronics (India) Private Limited
Registered Address / Address provided while obtaining user id		Old No. 12, New No. 43/1, Prestige Palladium Bayan, 10 th Floor, Greams Road, Chennai – 600 006.
Details of Application		Form GST ARA – 01 Application Sl.No.97/2023/ARA, Dated 22.08.2023
Concerned Officer		State : Pondy Bazaar Chennai (Central) Division Center: Chennai - North Commissionerate, Mylapore Division, Range II.
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for		
A	Category	Wholesale Business
B	Description (in brief)	<p>The applicant is a subsidiary of Murata Electronics Singapore (Pte) Limited and was incorporated with the object of performing services in relation to sales and marketing activities in India for the products of Murata group.</p> <p>Murata group operates its business across various countries. The applicant's target markets include audio-visual equipment, communications, computers, home appliances, automotive electronics, environment energy and healthcare.</p>
Issue/s on which advance ruling Required		1) Whether any particular thing done by the Applicant with respect to any goods and / or services or both amounts to or results in a supply of goods and / or service or both, within the meaning of that term
Question(s) on which advance ruling is required		1. Whether IGST is payable on sale of goods warehoused in FTWZ premises to customers in India, in addition to customs duty payable i.e. BCD + IGST, where goods are sold before clearance for home consumption? In other words, the customs clearance for home consumption is done by the appellant's customer?

M/s. Murata Electronics (India) Private Limited, Old No. 12, New No. 43/1, Prestige Palladium Bayan, 10th Floor, Greams Road, Chennai - 600 006. (hereinafter called as 'the Applicant') is engaged in the wholesale business. They are registered under the GST Acts with GSTIN: 33AAGCM7896RTZE .

2 The Applicant submitted a copy of challan dated 19.07.2023 evidencing payment of application fees of Rs.5,000/- each under sub-rule (1) of Rule 104 of CGST Rules 2017 and SGST Rules 2017.

3. They have preferred this application seeking Advance Ruling on the following:

(1) Whether IGST is payable on sale of goods warehoused in FTWZ premises to customers in India, in addition to customs duty payable i.e. BCD + IGST, where goods are sold before clearance for home consumption? In other words, the customs clearance for home consumption is done by the appellants customer?

4. **Statement of facts in brief:**

4.1. The applicant submits that Murata Electronics (India) Private Limited (here referred as 'MEIPL' or the applicant'), a subsidiary of Murata Electronics Singapore (Pte) Limited ('Murata Singapore') was incorporated on 22 September 2010, with the object of performing services in relation to sales and marketing activities in India for the products of Murata Group. That Murata group operates its business across various countries.

4.2. The applicant submits that their target markets include audio-visual equipment, communications, computers, home appliances, automotive electronics, environment, energy and healthcare and they also pursue design activities for R&D Organizations and integrated circuit manufacturers as a part of local customer services, while offering products promptly to fulfil customer needs.

4.3. The applicant submits that they recently started importing goods (i.e., electronic components including modules, sensors and wireless communication products) from its group companies located in countries such as Japan, Singapore etc with an intention to resell the same to customers in India and in this regard, they have entered into FTWZ facility service agreement with Timescan Logistics India Private Limited (hereinafter referred to as 'FTWZ Unit or Timescan') and Kintetsu World Express India Private Limited (hereinafter referred to as 'KWE') for getting FTWZ services and clearing/handling services respectively. That Timescan is an FTWZ Unit under J Matadee FTWZ SEZ, Perumbakkam, Road, Mannur Village, Sriperumbudur Taluk, Kanchipuram, Tamil Nadu 602 105.

4.4. The applicant submitted that the goods imported are stored in the FTWZ Unit under the cover of bill of entry for warehousing. That in the warehousing facility, no manufacture or processing activities are done. That as and when the applicant receives orders from customers in India, they raise sale invoice and warehoused goods are cleared by the customers by filing bill of entry for home consumption on payment of appropriate customs duty.

4.5. The applicant submitted that the modus operandi for this proposed transaction i.e. import and sales, is as follows;

a)	The Applicant purchases goods from its group companies outside India. On arrival, the goods are warehoused inside the FTWZ Unit on the behalf of the Applicant. The title to the goods stored in FTWZ Unit continues to remain with the Applicant.
b)	As and when the purchase orders are received by the Applicant from customers in India, the Applicant would raise sale invoice on the customer.
c)	The customer would clear the warehoused goods by filing bill of entry for home consumption post assessment of applicable customs duty (i.e., BCD+SWS+IGST) and remove of goods from FTWZ Unit.

4.6. The applicant submitted that as per Section 7(2) of IGST Act 2017, supply of goods imported into the territory of India, till they cross the customs frontiers of India should be considered as Interstate Supply. That as per proviso to Section 5(1) of IGST Act 2017, imported goods would be subject to IGST at the point where customs duty is levied. In the current case, levy and collection would be at the time of clearance from FTWZ Unit by customer of MEIPL on filing bill of entry for home consumption. That as per entry 8(a) of Schedule III, supply of warehoused goods to any person before clearance for home consumption is considered neither supply of goods nor supply of services.

4.7. The applicant submitted that in accordance with aforementioned provision, they are of the view that the transaction as described above falls under entry 8(a) of schedule III to CGST Act 2017 and accordingly IGST, over and above customs duty paid (BCD+IGST) at the time of clearance, is not applicable.

4.8. The applicant submitted that thus they have preferred this ruling for obtaining clarification on the issue that whether IGST is payable on the transaction of sale between the Applicant and the customers in India (i.e., DTA Unit/Customs Bonded Warehouse) before goods are cleared for home consumption i.e., sale of goods when stored in the premises of FTWZ Unit”.

4.9. The applicant submitted statement containing their understanding of applicability of IGST on transaction of sale of goods stored at the premises of FTWZ unit to customers in India, before clearance for home consumption wherein they have quoted the relevant key legal provisions under GST and the relevant notifications and referred to advance rulings pronounced by Tamil Nadu and Telangana Advance Ruling Authority on the similar question.

4.10. The applicant submitted that in view of the above they are of the view that the sale made by the Applicant from the premises of FTWZ Unit before clearance for home consumption is treated as “neither supply of goods nor supply of services” by

virtue of entry 8(a) of Schedule III and IGST is not applicable on the said transaction in addition to customs duties payable at the time of filing bill of entry for home consumption”.

4.11. The applicant submitted the following documents:

- i) Copy of FTWZ Facility Service Agreement made with TimeScan Logistics India Pvt. Ltd.
- ii) Copy of Warehouse Service Agreement with Kintetsu World Express (India) Pvt Ltd.

5.1. The applicant is under the administrative control of State Tax Authority. The concerned authorities of the Center and State were addressed to report if there are any pending proceedings against the applicant on the issues raised by the applicant in the ARA application and for the comments on the issues raised.

5.2. The concerned Central Authority vide Letter GEXCOM/TECH/GST/3287/2023-TECH dated 15.02.2024 submitted that the question raised in the application is neither under investigation nor decided in any proceedings of their office.

5.3. The State authority has not reported anything, hence it is construed that there are no pending proceedings against the applicant on the issues raised by the applicant in the ARA application.

6. In the above circumstances, the Applicant has filed a letter dated 14.05.2024 and requested to withdraw their Advance ruling Application in GST ARA – 01, filed on 03.08.2023.

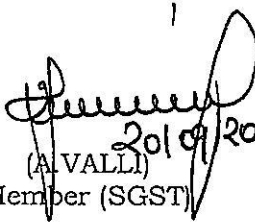
7. DISCUSSION AND FINDINGS:

We take on record the Applicant's letter dated 14.05.2024, wherein they have informed that they had filed the application for obtaining clarification on whether IGST is payable on goods sold from FTWZ premises to customers in India, before clearance of goods for home consumption, in addition to customs duty payable i.e. BCD+IGST. However, keeping the view in the manner in which the questions have been raised for the purpose of determination, they expressed their intention to withdraw their application for Advance Ruling. Hence, the Applicant's request is considered and the application is treated as withdrawn without going into the merits or detailed facts of the case.


Considering the request of the applicant, we rule as under:

RULING

The ARA Application in Sl. No. 97/2023, dated 03.08.2023 filed by the Applicant seeking Advance Ruling is allowed to be withdrawn as per the request of the Applicant.


(A. VALLI)
Member (SGST)
20/09/2024




(BALAKRISHNA S.)
Member (CGST)
20/09/2024

To

M/s. Murata Electronics (India) Private Limited
Old No. 12, New No. 43/1, Prestige Palladium Bayan,
10th Floor, Greams Road,
Chennai – 600 006.

//by RPAD//

Copy submitted to:

1. The Principal Chief Commissioner of GST & Central Excise,
26/1, Uththamar Mahatma Gandhi Road,
Nungambakkam, Chennai-600034.
2. The Commissioner of Commercial Taxes,
2nd Floor, Ezhilagam, Chepauk, Chennai – 600 005.
3. The Pr. Commissioner of GST & Central Excise,
Chennai - North Commissionerate,
26/1, Mahatma Gandhi Road,
Nungambakkam, Chennai-600034.

Copy to:

1. The Assistant Commissioner (ST),
Pondy Bazar Assessment Circle,
No. 45, Government Taluk Office Building,
3rd Floor, Greenways Road,
Chennai – 600 028.
2. Master File / spare – 1.