

Recently Karnataka AAR (Authority of Advance Ruling) has given a ruling in the matter of “M/s T&D Electricals” holding that no Registration is required under the CGST Act,2017 for execution of a works contract in other state where there no fixed establishment in that state. Relevant facts of the case alongwith relevant legal provisions leading to captioned ruling are analysed below:

**A. FACTS**

- T&D Electricals is registered as a works contractor and wholesale supplier in Jaipur, Rajasthan
- The applicant has been awarded a contract by M/s Shree Cement Ltd., Rajasthan for supply of material, installation and commissioning (works contract) to township at M/s Karnataka Cement Project (a unit of Shree Cement Ltd.) in the state of Karnataka.
- Invoices of the applicant is to be addressed to M/s Karnataka Cement Project, Karnataka
- The applicant does not have any premises in Karnataka and M/s Shree Cement Ltd. will only provide a temporary small space for office and storage (without any formal documents)
- Assessee first approached Rajasthan AAR however the AAR opined that since the question pertains to requirement of registration in Karnataka, hence application should be filed before Karnataka AAR.

**B. QUESTIONS BEFORE AAR AND OBSERVATION/ RULING**

S.NO.	QUESTIONS BEFORE THE AAR	OBSERVATION & RULING BY THE AAR
1.	Whether separate registration is required by the applicant in <b>Karnataka</b> ? If yes, whether agreement would suffice as an address proof since the applicant does not have any proof	<ul style="list-style-type: none"> <li>• The applicant intends to supply goods &amp; services from principal place of business in Rajasthan.</li> <li>• The applicant does not have any other fixed establishment other than Rajasthan</li> <li>• Therefore, <b>no requirement is there to obtain registration in Karnataka</b> for execution of contract.</li> </ul>
2.	If registration is not required in Karnataka and if the applicant purchases goods from dealers of Rajasthan and directly ship from such dealer premises to the township at Karnataka, whether dealers would charge CGST & Rajasthan SGST or IGST?	The Rajasthan dealer must <b>charge CGST and Rajasthan SGST</b> under the <b>bill to ship to</b> transaction in terms of section 10(1)(b) of IGST Act, 2017 as both supplier and recipient is in Rajasthan.
3.	If registration is not required in Karnataka and if the applicant purchases goods from dealers of Karnataka, whether dealers would charge CGST & Karnataka SGST or IGST?	Dealer in Karnataka must <b>charge IGST</b> under the <b>bill to ship to</b> transaction in terms of section 10(1)(b) of IGST Act, 2017 as both supplier and recipient is in different states.

4.	What documents would be required with transporter to ship material to Karnataka site from dealer of Rajasthan & Karnataka?	With respect to documentation to be carried by the transporter of goods, <b>no ruling</b> is given as it does <b>not get covered u/s 97(2)</b> of the CGST Act, 2017.
----	--	---

### C. OUR COMMENTS

The ruling given by the Karnataka AAR has confirmed that for requirement of GST registration in a state, presence of fixed establishment in that state is essential. If the supplies/ work is being performed by the assessee from its permanent place of business existing in a different state, then separate registration in the state of performance of works contract shall not be required.

**Contact Us:**

---

Delhi  
A-15, Second Floor, Hauz Khas, New Delhi - 110016  
(India)  
Ph: +91,011 41655801, 41655802  
Fax: +91 11 26567540

Pune  
Flat No- 2A, Gangotri Complex,  
Near Geeta Society, Camp, Pune 411001 (India)  
Ph: +91 020 30492191

Bangalore  
No 605, Second Floor, 62nd Cross, 5th Block, Rajajinagar,  
Bangalore Karnataka - 560010 (India)  
Ph: +91 80 42064178

E-mail:- [snr@snr.company](mailto:snr@snr.company)  
[Click here](#) to unsubscribe for SNR Flash

For private circulation only among clients and associates

<http://www.snr.company/>