



भारत सरकार  
वित्त मंत्रालय, राजस्व विभाग  
कार्यालय आयुक्त

केन्द्रीय वस्तु व सेवा कर एवं केन्द्रीय उत्पाद शुल्क आयुक्तालय, उदयपुर  
142-बी हिरण मगरी सेक्टर -11, उदयपुर (राजस्थान)

व्यापार सूचना सं. 10/2019

दिनांक.: 03.07.2019



Subject: Clarification on various doubts related to treatment of secondary or post sales discounts under GST -reg.

कृपया इस पत्र के साथ Principal Commissioner (GST), Government of India, Ministry of Finance, Department of Revenue, CBIC, द्वारा जारी निम्नलिखित परिपत्र की प्रति संलग्न पावें -

(1) Circular No. 105/24/2019-GST dated 28.06.2019

सभी व्यापार संघ, व्यापार व उद्योग मण्डलों से निवेदन है कि उक्त पत्र की विषय सामग्री से अपने सभी सदस्यों को अवगत कराने की कृपा करें ।

संलग्न: उपरोक्तानुसार

— Sd —  
(के.सी.शर्मा)  
अपर आयुक्त

फा.सं.V(GST)30/Tech/Trade Notice/UDR/11/18

डाक सूची के अनुसार प्रति सभी को प्रेषित है ।

दिनांक : 03.07.2019

20/07/19  
सहायक आयुक्त (तक.)

डाक सूची-निम्नानुसार प्रति सभी को प्रेषित है :-

1. मुख्य आयुक्त, (जे.जेड.), केन्द्रीय वस्तु एवं सेवाकर, जयपुर जो, जयपुर |
2. आयुक्त, केन्द्रीय वस्तु एवं सेवाकर, जयपुर/जोधपुर/अलवर |
3. आयुक्त, केन्द्रीय वस्तु एवं सेवाकर अंकेक्षण, जयपुर/जोधपुर |
4. आयुक्त, सीमा शुल्क, जयपुर |
5. आयुक्त (अपील्स), केन्द्रीय वस्तु एवं सेवाकर, जयपुर/जोधपुर |
6. द वेब मास्टर/अपर आयुक्त, केन्द्रीय वस्तु एवं सेवाकर आयुक्तालय, जयपुर, विभागीय वेबसाइट पर अपलोड करने हेतु |
7. उप/सहायक आयुक्त,  
केन्द्रीय वस्तु एवं सेवाकर संभाग, (A/B/C/D/E/F/G/H/I)  
उदयपुर/कांकरोली/भीलवाडा/चित्तोरगढ़/कोटा
8. उप/सहायक आयुक्त (कर अपवंचना/का. एवं.सत./अंकेक्षण/विधि/पुनरवलोकन/तक./न्याय-  
निर्णय)उदयपुर
9. श्री वी.वी.नंदावत उदयपुर चैम्बर ऑफ़ कॉमर्स एंड इंडस्ट्रीज ,एमआईए, उदयपुर |
10. श्री मुकेश मोदी, उदयपुर मार्बल प्रोसेसर एसोसिएशन, मार्बल भवन, चित्रकूट नगर, भुवाना, उदयपुर|
11. श्री मनोज माथुर एसोसिएशन ऑफ़ स्माल इंडस्ट्रीज कोटा पुरुषार्थी भवन, रोड न. 5ए, इन्द्रप्रस्थ  
औद्योगिक क्षेत्र,कोटा |
12. श्री अनिल अग्रवाल, सदस्य एसोसिएशन ऑफ़ स्माल इंडस्ट्रीज कोटा पुरुषार्थी भवन, रोड न. 5ए,  
इन्द्रप्रस्थ औद्योगिक क्षेत्र,कोटा
13. श्री जे.पी. बाबेल, मेवाड़ चैम्बर ऑफ़ कॉमर्स एंड इंडस्ट्रीज, भीलवाडा, मेवाड़ चैम्बर भवन, नागोरी  
गार्डन, भीलवाडा
14. गार्ड फाइल

CBEC-20/16/04/2018-GST  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Indirect Taxes and Customs  
GST Policy Wing  
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New Delhi, Dated the 28<sup>th</sup> June, 2019

To,  
The Principal Chief Commissioners / Chief Commissioners / Principal Commissioners /  
Commissioners of Central Tax (All)  
The Principal Director Generals / Director Generals (All)

Madam / Sir,

**Subject: Clarification on various doubts related to treatment of secondary or post-sales discounts under GST - reg.**

Circular No. 92/11/2019-GST dated 7th March, 2019 was issued providing clarification on various doubts related to treatment of sales promotion schemes under GST. Post issuance of the said Circular various representations have been received from the trade and industry seeking clarifications in respect of tax treatment in cases of secondary discounts or post sales discount. The matter has been examined in order to ensure uniformity in the implementation of the law across the field formations, the Board, in exercise of its powers conferred under section 168(1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "the CGST Act") clarifies the issues in succeeding paragraphs.

2. For the purpose of value of supply, post sales discounts are governed by the provisions of clause (b) of sub-section (3) of section 15 of the CGST Act. It is crucial to examine the true nature of discount given by the manufacturer or wholesaler, etc. (hereinafter referred to as "the supplier of goods") to the dealer. It would be important to examine whether the additional discount is given by the supplier of goods in lieu of consideration for any additional activity / promotional campaign to be undertaken by the dealer.

3. It is clarified that if the post-sale discount is given by the supplier of goods to the dealer without any further obligation or action required at the dealer's end, then the post sales discount

given by the said supplier will be related to the original supply of goods and it would not be included in the value of supply, in the hands of supplier of goods, subject to the fulfilment of provisions of sub-section (3) of section 15 of the CGST Act. However, if the additional discount given by the supplier of goods to the dealer is the post-sale incentive requiring the dealer to do some act like undertaking special sales drive, advertisement campaign, exhibition etc., then such transaction would be a separate transaction and the additional discount will be the consideration for undertaking such activity and therefore would be in relation to supply of service by dealer to the supplier of goods. The dealer, being supplier of services, would be required to charge applicable GST on the value of such additional discount and the supplier of goods, being recipient of services, will be eligible to claim input tax credit (hereinafter referred to as the "ITC") of the GST so charged by the dealer.

4. It is further clarified that if the additional discount is given by the supplier of goods to the dealer to offer a special reduced price by the dealer to the customer to augment the sales volume, then such additional discount would represent the consideration flowing from the supplier of goods to the dealer for the supply made by dealer to the customer. This additional discount as consideration, payable by any person (supplier of goods in this case) would be liable to be added to the consideration payable by the customer, for the purpose of arriving value of supply, in the hands of the dealer, under section 15 of the CGST Act. The customer, if registered, would be eligible to claim ITC of the tax charged by the dealer only to the extent of the tax paid by the said customer to the dealer in view of second proviso to sub-section (2) of section 16 of the CGST Act.

5. There may be cases where post-sales discount granted by the supplier of goods is not permitted to be excluded from the value of supply in the hands of the said supplier not being in accordance with the provisions contained in sub-section (3) of section 15 of CGST Act. It has already been clarified vide Circular No. 92/11/2019-GST dated 7th March, 2019 that the supplier of goods can issue financial / commercial credit notes in such cases but he will not be eligible to reduce his original tax liability. Doubts have been raised as to whether the dealer will be eligible to take ITC of the original amount of tax paid by the supplier of goods or only to the extent of tax payable on value net of amount for which such financial / commercial credit notes have been received by him. It is clarified that the dealer will not be required to reverse ITC attributable to the tax already paid on such post-sale discount received by him through issuance of financial / commercial credit notes by the supplier of goods in view of the provisions contained in second proviso to sub-rule (1) of rule 37 of the CGST Rules read with

second proviso to sub-section (2) of section 16 of the CGST Act as long as the dealer pays the value of the supply as reduced after adjusting the amount of post-sale discount in terms of financial / commercial credit notes received by him from the supplier of goods plus the amount of original tax charged by the supplier.

6. It is requested that suitable trade notices may be issued to publicize the contents of this circular.
7. Difficulty if any, in the implementation of this Circular may be brought to the notice of the Board. Hindi version will follow.

(Upender Gupta)  
Principal Commissioner (GST)