Are GST Discounts

supply of services?



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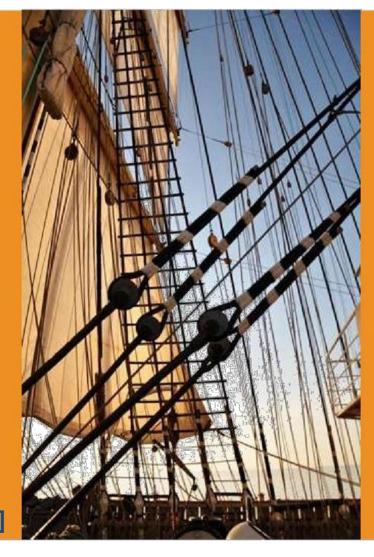
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Is GST discount a Supply of Services -

- 1. Channel Discount From OEM to Wholesaler (WS) through Distributor (DBT)
- 2. Passback discount From OEM to distributor / Down supply chain

MH AAAR - M/s MEK PERIPHERALS INDIA PRIVATE LIMITED



- 1. Channel Discount From OEM to WS through DBT is a supply of service by The WS because -
- a. Agreement is for "incentive" from OEM to WS, for achieving target. Hence it not a trade discount
- b. Agreement is for between OEM and WS even though it is routed through the DBT
- c. There is no linking with the invoices
- d. Therefore it is a supply of 'marketing' and 'technical' service

2. Passback discounts - Post Sale

a. Post Sale Discount is a supply of Services

Our Contention



Channel Discount -

- 1. It is a 'turnover discount' with the nomenclature of 'incentive'. There is no service rendered at all. The enhanced sale of goods are for own profit of the WS
- 2. Since discount is routed through the DBT, hence there are back to back agreements between OEM-DBT and DBT-WS
- 3. Linking with invoices may be possible as all 'discounts' or 'incentives' are provided for a said supply within a said timeframe
- 4. At most it is a 'secondary/post sale' discount which ITC reversal is not required by the recipient

Passback Discount -

- 1. There is no service rendered at all. The enhanced sale of goods are for own profit of the WS
- 2. Linking with invoices may be possible as all 'discounts' are provided for a said supply within a said timeframe
- 3. At most it is a 'secondary/post sale' discount which ITC reversal is not required by the recipient



After withdrawal of Circular No. 105/24/2019-GST dated 28th June 2019 which was rescinded there is no conclusive policy for field officers which is the need of the hour

THANK YOU



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