

**AUTHORITY FOR ADVANCE RULING, TAMIL NADU  
No.207, 2<sup>nd</sup> 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:**

<b>Shri C.Thiyagarajan, I.R.S., Commissioner/Member (CGST), Office of the Commissioner of GST and Central Excise, Audit I Commissionerate, Chennai - 600 101.</b>	<b>Shri B.Suseel Kumar, B.E., MBA., Joint Commissioner/Member (SGST), Authority for Advance Ruling, Tamil Nadu, Chennai - 600 006.</b>
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**Advance Ruling No. 17/ARA/2026, dated 03.03.2026**

- 1. Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai as under Sub-Section (1) of Section 100 of CGST Act / 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 (herein 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	33AAJFS4494H1ZW
Legal Name of Applicant	M/s. SUPREME FIREWORKS FACTORY
Trade Name of Applicant	M/s. SUPREME FIREWORKS FACTORY
Registered Address / Address provided while obtaining user id	1668/O, P.K.N.ROAD, SIVAKASI, Virudhunagar, Tamil Nadu, 626 189.
Details of Application	GST ARA – 01 Application dated 03.10.2025
Jurisdictional Officer Concerned Officer	State: SATTUR - 2 Assessment Circle Virudhunagar Division.  Center: Madurai Commissionerate, Sivakasi Division, Sivakasi – I Range.
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for  A Category B Description (in brief)	Factory/ Manufacturing  The Applicant is engaged in the business of manufacture of fireworks and is a regular GST registrant in the State of Tamil Nadu. The applicant is in possession of input tax credit balances under IGST, CGST and SGST.  While discharging the liabilities, the applicant sought to utilize IGST ITC first towards IGST liability and then sought to discharge the remaining IGST liability using CGST Credit and SGST Credit. Thereafter, the entire CGST and SGST liabilities were sought to be discharged by cash ledger. This set off order is also allowed in the GST portal which filing the GSTR-3B form.  However, when following the above input set off order, it is noted that while the SGST output liability was remaining undischarged without utilizing the SGST input credit available, the SGST credit was sought to be used to discharge the IGST liability.
Issue/s on which advance ruling required	1. Applicability of a notification issued under the provisions of this Act. 2. Determination of the liability to pay tax on any goods or services or both

Question(s) on which advance ruling is required	Q1. Whether, in terms of Section 49(5), Section 49A and Rule 88A of the CGST Rules, 2017, the applicant can utilize SGST input tax credit to discharge IGST liability while SGST output liability remains unpaid and CGST credit is still available, especially when such offsetting is permitted by the GST portal.
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M/s. SUPREME FIREWORKS FACTORY, No.1668/O, P.K.N. Road, Sivakasi, Virudhunagar – 626 189 (hereinafter called as the “Applicant”) are registered under the GST Act with GSTIN: 33AAJFS4494H1ZW. The Applicant is engaged in the business of manufacture of fireworks and is a regular GST registrant in the State of Tamil Nadu. The applicant is in possession of input tax credit balances under IGST, CGST and SGST.

1.2 While discharging the liabilities, the applicant seeks to utilize IGST ITC first towards IGST liability and then seeks to discharge the remaining IGST liability using CGST Credit and SGST Credit. Thereafter, the entire CGST and SGST liabilities were sought to be discharged by cash ledger. This set off order is also allowed in the GST portal which filing the GSTR-3B form.

1.3 However, when following the above input set off order, it is noted that while the SGST output liability was remaining undischarged without utilizing the SGST input credit available, the SGST credit was sought to be used to discharge the IGST liability. In this regard, the applicant has sought advance ruling on the following question:

*Q1. Whether, in terms of Section 49(5), Section 49A and Rule 88A of the CGST Rules, 2017, the applicant can utilize SGST input tax credit to discharge IGST liability while SGST output liability remains unpaid and CGST credit is still available, especially when such offsetting is permitted by the GST portal?*

2. The Applicant has made a 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.Statement of relevant facts:**

3.1 The Applicant is engaged in the business of manufacture of fireworks and is a regular GST registrant in the State of Tamil Nadu. The applicant is in possession of input tax credit balances under IGST, CGST and SGST.

3.2 The Applicant has put forth an illustration, wherein, the following tax liabilities and input tax credit balances were present:

IGST Output liability:	Rs.1,00,000/-
CGST Output liability:	Rs. 50,000/-
SGST Output liability:	Rs. 50,000/-

Available ITC:

IGST ITC:	Rs. 10,000/-
CGST ITC:	Rs. 70,000/-
SGST ITC:	Rs. 70,000/-

While discharging the liabilities, the applicant stated that they sought to utilize IGST ITC first towards IGST liability (Rs.10,000/-) and then sought to discharge the remaining IGST liability (Rs.90,000/-) using Rs.45,000/- CGST Credit and Rs.45,000/- SGST Credit. Thereafter, the entire CGST and SGST liabilities were sought to be discharged by cash ledger. This set off order was also allowed in the GST portal which filing the GSTR-3B form.

3.3 However, when following the above input set off order, it is noted that while the SGST output liability of Rs.50,000/- was remaining undischarged without utilizing the SGST input credit available, the SGST credit was sought to be used to discharge the IGST liability.

#### **4.Interpretation of Law by the Applicant based on the statement of facts:**

4.1 The applicant submits that they have understood that:

- Section 49A mandates that ITC of IGST must be used first before using CGST or SGST credits.
- Rule 88A provides flexibility to use IGST credit against CGST or SGST in any order after offsetting IGST liability.
- However, Section 49(5)(b) and (c) require CGST and SGST credits to first be utilized against CGST and SGST liabilities respectively.
- The proviso to Section 49(5)(d) further requires that SGST credit can be used to pay IGST liability only when CGST credit is not available for such purpose.

4.2 Based on this interpretation, the applicant believes that:

- It would be incorrect to utilize SGST ITC against IGST liability when SGST liability remains unpaid and CGST credit is still available.
- Portal acceptance alone does not validate such usage if contrary to provisions of the law.

5. The applicant falls within the administrative jurisdiction of 'STATE'. No remarks have been received from the State jurisdictional authorities as well as the Central jurisdictional authorities. Hence, it is construed that there are no pending proceedings against the applicant on the questions raised by them in their advance ruling application.

#### **6.Personal Hearing**

6.1 The applicant was given an opportunity to be heard in person on 17.02.2026 vide this office memorandum No.49/2025, dated 10.02.2026.

Mr. P.K. Sankar, Accounting Staff appeared for the personal hearing as the authorized representative (AR) of M/s Supreme Fireworks Factory. The AR reiterated the submissions made in their application for advance ruling.

6.2 The AR informed that they are manufacturers of fireworks and avail ITC and utilize the same for discharge of output tax liability. They stated that they require clarification on whether they can utilize SGST input tax credit to discharge IGST liability when SGST liability remains unpaid and CGST credit is still available.

6.3 It was pointed out to the AR that the clarification sought for by them pertains to utilization of input credit for payment of tax liability and does not fall under the ambit of any of the categories mentioned of Section 97(2) of the CGST Act, 2017. The AR accepted the legal provision pointed out by the Members.

### **7. Discussions and Findings:**

7.1 We have carefully considered the submissions made by the applicant in the advance ruling application, and the submissions made during the personal hearing held on 17.02.2026.

7.2 We find that under the application for advance ruling filed, the applicant has raised the following query –

Whether, in terms of Section 49(5), Section 49A and Rule 88A of the CGST Rules, 2017, the applicant can utilize SGST input tax credit to discharge IGST liability while SGST output liability remains unpaid and CGST credit is still available, especially when such offsetting is permitted by the GST portal.

7.3 Section 97(2) of the CGST Act, 2017 specifies the nature of questions on which an advance ruling can be sought, and the same is reproduced as below:-

*“(2) **The question** on which the advance ruling is sought under this Act, shall be in respect of,—*

- (a) classification of any goods or services or both;*
- (b) applicability of a notification issued under the provisions of this Act;*
- (c) determination of time and value of supply of goods or services or both;*
- (d) admissibility of input tax credit of tax paid or deemed to have been paid;*
- (e) determination of the liability to pay tax on any goods or services or both;*
- (f) whether applicant is required to be registered;*
- (g) whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.”*

7.4 From the above, it could be seen that advance ruling could be sought by applicant on a specific question, and that the same should be in respect of the context/situation as referred to in clauses (a) to (g) of Section 97(2) of the CGST Act, 2017. We find that the applicant has claimed under Sl.No.13 of the application for advance ruling filed by them that the query raised by them falls under the following categories, viz., (2) Applicability of a notification issued under the

provisions of this Act, and (5) Determination of the liability to pay tax on any goods or services or both. In this regard, we note that the query raised by the applicant actually seeks a clarification on the procedure to be adopted while discharging the tax liability which has already assessed and arrived at by the applicant, and it does not relate to 'determination of liability' by the applicant. Further, we note that the applicant has not made any reference to any notification under the query raised by them, under the 'statement of facts', or under the 'interpretation of law and/or facts' in the application for advance ruling filed by them. In any case, we find that the query raised by the applicant does not relate to applicability of any notification.

7.5 It is clear from the above, that the query raised by the applicant is not liable for admission as it seeks an answer on the procedural aspects which are duly laid out in the statute, i.e., Section 49 of the CGST Act, 2017, and the rules made thereunder. Further, as it does not get covered under any of the clauses from (a) to (g) of Section 97(2) of the Act, *ibid*, we find that the query raised by the applicant falls outside the ambit of 'advance ruling', and as such are not liable for admission.

7.6 In fine, we are of the considered opinion that the query raised by the applicant in the application for advance ruling filed in the instant case, is not liable for admission, and as such, the application filed by the applicant, per se, is liable for rejection under Section 98(2) of the CGST Act, 2017, which reads as,

*"(2) The Authority may, after examining the application and the records called for and after hearing the applicant or his authorised representative and the concerned officer or his authorised representative, by order, **either admit or reject the application:***

*Provided that the Authority shall not admit the application where the question raised in the application is already pending or decided in any proceedings in the case of an applicant under any of the provisions of this Act:*


*Provided further that no application shall be rejected under this sub-section unless an opportunity of hearing has been given to the applicant:*

*Provided also that where the application is rejected, the reasons for such rejection shall be specified in the order."*

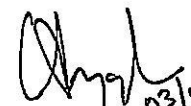
8. Based on the above discussion, we rule as under.

#### RULING

The Application for Advance Ruling filed by the Applicant in Form GST ARA-01 dated 03.10.2025 is rejected under Section 98(2) of the CGST Act, 2017, in view of reasons discussed in detail above.

  
03/03/2026  
(B. Suseel Kumar)  
Member (SGST)



  
03/03/2026  
(C. Thiyagarajan)  
Member (CGST)

**To**

**M/s. Supreme fireworks factory,**

1668/O, P.K.N.Road, Sivakasi, Virudhunagar,

Tamil Nadu, 626189

**/By Speed Post/**

**Copy submitted to :**

1. The Principal Chief Commissioner of GST & Central Excise,  
26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600 034.
2. The Commissioner of Commercial Taxes,  
2<sup>nd</sup> Floor, Ezhilagam, Chepauk, Chennai – 600 005.
3. The Commissioner of GST & Central Excise,  
Madurai Commissionerate,  
Central Avenue Building,  
No.4, Lal Bahadur Shastri Road,  
Bibikulam, Madurai – 625 002.

**Copy to :**

1. The Assistant Commissioner (TNGST),  
Sattur -2 Assessment Circle,  
N.G.O. Colony, Satchiyapuram,  
Sivakasi, Virudhunagar 626 124.
2. Master File/ Spare – 2.