

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:

Shri C.Thiyagarajan, I.R.S., Additional Commissioner/Member (CGST), Office of the Commissioner of GST and Central Excise, Audit I Commissionerate, Chennai - 600 101.	Shri B.Suseel Kumar, B.E., MBA., Joint Commissioner/Member (SGST), Authority for Advance Ruling, Tamil Nadu, Chennai - 600 006.
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Advance Ruling No. 33/ARA/2025, dated 01.09.2025

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 which 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) 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	33AAACM4154G1ZU
Legal Name of Applicant	MRF LIMITED
Trade Name of Applicant	MRF LIMITED
Registered Address/ Address provided while obtaining User id	Arakonam – Tiruttani road, Ichiputhur, Arakonam, Tamil Nadu-631 003.
Details of Application	Application Form GST ARA-01 received from the applicant on 14.11.2024.
Jurisdictional Officer	Centre - Chennai Outer Commissionerate, Ranipet Division, Arakonam Range. State – Egmore Assessment Circle, North III Zone, Chennai North Division.
Nature of activity (s) (proposed/present) in respect of which advance ruling sought for A. Category B. Description (in brief)	Input service Distributor (ISD) For distribution of the common Input Tax Credit
Issues on which advance ruling required	Applicability of a notification issued under the provisions of the Act
Question(s) on which advance ruling is required	1) Whether the Applicant can comply with the amended provision of section 2(61) and section 20 of the CGST Act, 2017 as amended by notification 16/2024-Central tax dated 6 th August 2024 by following the procedure as stated at para 12 a) to 12 d) of the statement of containing applicant's interpretation of law (Annexure 'B') in terms of Rule 54(1A) of the CGST Rules, 2017. 2) Whether the Applicant can continue to receive the Input Service Invoices issued by the Service Provider/Supplier of Service for the Common Input Service (Which are attributable to

	one or more State/s) in the name of and addressed to Applicant's Regular Registration and subsequently transfer the same in terms of Rule 54(1A) of CGST Rules, 2017 to MRF HO ISD Registration for subsequent distribution of the common Input Tax Credit through ISD Mechanism?
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M/s. MRF Limited, Arakonam – Tiruttani Road, Ichiputhur, Arakonam, Tamil Nadu-631 003 (hereinafter called as the "Applicant") are registered under the GST Act with GSTIN 33AAACM4154G1ZU. 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.

2. The applicant has sought advance ruling on the following questions :

- 1) Whether the Applicant can comply with the amended provision of section 2(61) and section 20 of the CGST Act, 2017 as amended by notification 16/2024-Central tax dated 6th August 2024 by following the procedure as stated at para 12 a) to 12 d) of the statement of containing applicant's interpretation of law (Annexure 'B') in terms of Rule 54(1A) of the CGST Rules, 2017.
- 2) Whether the Applicant can continue to receive the Input Service Invoices issued by the Service Provider/Supplier of Service for the Common Input Service (Which are attributable to one or more State/s) in the name of and addressed to Applicant's Regular Registration and subsequently transfer the same in terms of Rule 54(1A) of CGST Rules, 2017 to MRF HO ISD Registration for subsequent distribution of the common Input Tax Credit through ISD Mechanism?

3. MRF Limited (The Applicant), are the leading manufacturer of automobile Tyres and Tubes and allied products in the State of Tamil Nadu and are registered under GSTIN No. 33AAACM415G1ZU. Besides manufacturing units in the State of Tamil Nadu, MRF is also having units in the States of Telengana, Kerala, Goa, Gujarat and Union Territory of Puducherry.

4. Statement containing the Applicant's interpretation of law

The applicant is having its Head Office ('MRF HO' in short) at No.124, Greams Road, Chennai-6 in the state of Tamil Nadu and having manufacturing in the

states of Tamil Nadu, Telengana, Goa, Gujarat, Kerala and Union territory of Puducherry. The applicant is holding GST Registration in terms of Section 22 read with Section 25 of CGST Act, 2017. In the State of Tamil Nadu, the Applicant is holding GST Registration bearing No. 33AAACM4154G1ZU (Regular Registration) having principal place of Business at Arakonam-Tiruttani Road, Ichiputhur, Arkonam – 631003, Vellore District. MRF HO is mentioned as Additional Place of Business in the above mentioned Registration Certificate.

4.1 The Applicant is also holding GST Input Service Distributor (“ISD” in short) registration being No. 33AAACM4154G2ZT (ISD Registration) for its Head Office (MRF HO ISD) in terms of Section 24(viii) of the CGST Act, 2017 for distribution of Input Tax Credit (“ITC” in short) attributable to MRF Tamil Nadu and other States or exclusively to one or more State/s of the Applicant having the same Permanent Account Number (PAN) as that of the MRF HO ISD in terms of Section 20 of the CGST Act, 2017 read with Rule 39 of the CGST Rules, 2017. The location of MRF HO is appearing as ‘Additional Place of Business’ in the regular Registration Certificate of the Applicant bearing No. 33AAACM4154G1ZU as well as ‘Principal Place of Business’ in the ISD registration Certificate bearing No. 33AAACM4154G2ZT. MRF HO is receiving many common input services such as Advertising, Auditing, Banking, Annual Maintenance Contract, Manpower recruitment, Consultancy, Repair & Maintenance etc. which are attributable to and consumed at different States including Tamil Nadu (more than one location or at all locations).

4.2 The suppliers of all such common input services are issuing their GST Invoice to MRF HO mentioning the GST Registration No. 33AAACM4154G1ZU i.e., the Regular GST Registration Number of the Applicant. MRF HO is currently booking the cost of all such common input services in MRF HO books and charging to the concerned States, to which such services are pertaining to, by raising Tax Invoices under Section 31 of the CGST ACT to the concerned States proportionate to or attributable to such services by them added with 2% mark-up value towards cost of functional expenses of MRF HO by way of entering into a Memorandum of Undertaking (MoU) to do so between the MRF HO and all the MRF State Branch locations.

4.3 In this regard, the Applicant refers to Board’s Circular bearing Ref. No. 199/11/2023-GST dated 17th July, 2023, wherein the Board has clarified the following issue:

Issue:

*Whether HO can avail the input tax credit (hereinafter referred to as 'ITC') in respect of common input services procured from a third party but attributable to both HO and BOs or exclusively to one or more BOs, **issue tax invoices under section 31 to the said BOs** for the said input services and the BOs can then avail the ITC for the same or whether is it mandatory for the HO to follow the Input Service Distributor (hereinafter referred to as 'ISD') mechanism for distribution of ITC in respect of common input services procured by them from a third party but attributable to both HO and BOs or exclusively to one or more BOs?*

Clarification:

*It is clarified that in respect of common input services procured by the HO from a third party but attributable to both HO and BOs or exclusively to one or more BOs, HO has an option to distribute ITC in respect of such common input services by following ISD mechanism laid down in Section 20 of CGST Act read with rule 39 of the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as 'the CGST Rules'). **However, as per the present provisions of the CGST Act and CGST Rules, it is not mandatory for the HO to distribute such input tax credit by ISD mechanism. HO can also issue tax invoices under section 31 of CGST Act to the concerned BOs in respect of common input services procured from a third party by HO but attributable to the said BOs and the BOs can then avail ITC on the same subject to the provisions of section 16 and 17 of CGST Act.***

4.4 In view of the above clarification issued by the Board, MRF HO is following the existing practice by issuing Tax Invoices under Section 31 of the CGST Act for the common services which are attributable to exclusively to BOs in one or more State Branch locations.

4.5 The Central Board of Indirect Taxes and Customs (CBIC) has issued Notification No. 16/2024-Central Tax dated 6th August, 2024 to notify the effective date of amendment proposed for Section 11 & 12 of the Finance Act, 2024 (8 of 2024) as 1st April, 2025.

The relevant amendments in Section 11 and Section 12 of the Finance Act, 2024 (8 of 2024) is as under:

Section 11.**Amendment of Section 2 (61)**

*In the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the Central Goods and Services Tax Act), in Section 2, for clause (61), the following clause shall be substituted, namely:-
(61) "Input Service Distributor" means an office of the supplier of goods or services or both which receives tax invoices towards the*

receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20.

Section 12.

Substitution of Section 20

For section 20 of the Central Goods and Services Tax Act, the following section shall be substituted, namely:-

“20. Manner of distribution of credit by Input Service Distributor. (1) Any office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices. (2) The Input Service Distributor shall distribute the credit of central tax or integrated tax charged on invoices received by him, including the credit of central or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed. (3) The credit of central tax shall be distributed as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed.”

4.6 The above amendment which will be effective from 1st April, 2025, mandates MRF HO to distribute of Input Tax Credit including the Input Tax Credit involved in the services liable to tax under sub-section (3) or sub-section (4) of Section 9 of the CGST Act, towards the input services received for or on behalf of the distinct persons referred to in Section 25 in the manner provided in Section 20 of the CGST Act.

4.7 In view of the above amendment, the present practice followed by MRF HO for the common services which are attributable to BOs exclusively in one or more State Branch locations by way of issuance of Tax Invoice in terms of Section 31 of the CGST Act may not be permissible with effect from 1st April, 2025 and the Applicant has to distribute such Input Tax Credit through ISD Mechanism only as stated in Section 20 of the CGST Act, 2017 read with Rule 39 of the CGST Rules, 2017.

4.8 The applicant falls within the administrative jurisdiction of ‘CENTRE’. The concerned Authorities of the Centre 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 comments on the issues raised. No remarks have been received from the Centre Authority as well as State Authority. Hence, it is construed that there are no pending proceedings on the questions raised by the applicant in their advance ruling application.

5. Personal Hearing

5.1 Mr. Subhajit Das, General Manager, GST and Mr. Pradeep Sawant, Deputy General Manager, GST appeared for the personal hearing as the authorized representatives (AR) of M/s. MRF Limited. The AR reiterated the submissions made in their application for advance ruling.

5.2 They explained that they are holding GST Registration for the state of Tamilnadu as well as ISD Registration for distribution of ITC availed on common input services to the respective states. However, MRF Head Office has been distributing eligible ITC relating to common input services attributable to one or more States by issuing GST invoices under Section 31 of CGST Act to the respective States following Cross Charge Mechanism. They reiterated that they have been following the above procedure as clarified by Board vide Circular no.199/11/2023-GST dated 17.07.2023. However, with the amendment to Section 2(61) and Section 20 of CGST Act vide Notfn.16/2024-CT dated 06.08.2024, they have implemented the distribution of common ITC through the ISD mechanism with effect from April 2025.

They explained that they require clarification as to the applicability of Rule 54(1A) of CGST Rules, 2017 which enables the transfer of common ITC from the regular GST registration to the ISD registration, in respect of tax invoices received from input service providers who issue such invoices in the name of the regular registration and the ITC so transferred to the ISD registration can thereafter be distributed through ISD mechanism to the respective States. They request clarification as to whether the above is correct in law.

5.3 They also submitted the above in their written submissions made during the personal hearing before the AAR.

6. Discussions and Findings:

6.1 We have carefully examined the submissions made by the applicant in their advance ruling application and the submissions made during the personal hearing. We have also considered the issue involved, the relevant facts and the applicant's submission / interpretation of law in respect of

question on which the advance ruling is sought. The applicant has sought for Advance Ruling on the issue whether they can comply with the amended provisions of Section 2(61) and Section 20 of CGST Act, 2017 as amended by Notification no.16/2024-CT dated 06.08.2024 by following the procedure under Rule 54(1A) of CGST Rules, 2017.

6.2 We find that the query is liable for admission as it gets covered under Section 97 (2)(b) of CGST/TNGST Act, 2017 under “applicability of a notification issued under the provisions of this Act”.

6.3 We note that the Applicant is holding Regular GST Registration for the state of Tamilnadu as well as GST ISD Registration for distribution of Input Tax Credit availed on common input services to the respective States. They are receiving various input services that are attributable to and consumed across multiple States including Tamil Nadu. However, the invoices/bills for these services are raised by the suppliers against the Applicant’s regular GST registration and issued in the name of the Applicant’s Head Office located in Chennai. Their Head Office is mentioned as Additional place of business for the regular registration. The Applicant’s Head Office has been distributing eligible ITC relating to such common inputs attributable to one or more States by issuing GST invoices under Section 31 of the CGST Act from their regular registration to the respective States following Rule 54 (1A) as clarified by Board Circular no.199/11/2023-GST dated 17.07.2023.

Rule 54 (1A) reads as under;

Rule 54. Tax invoice in special cases:

(1A) (a) A registered person, having the same PAN and State code as an Input Service Distributor, may issue an invoice or, as the case may be, a credit or debit note to transfer the credit of common input services to the Input Service Distributor, which shall contain the following details:-

(i) name, address and Goods and Services Tax Identification Number of the registered person having the same PAN and same State code as the Input Service Distributor;

(ii) a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year;

(iii) date of its issue;

(iv) Goods and Services Tax Identification Number of supplier of common service and original invoice number whose credit is sought to be transferred to the Input Service Distributor;

(v) name, address and Goods and Services Tax Identification Number of the Input Service Distributor;
(vi) taxable value, rate and amount of the credit to be transferred; and
(vi). signature or digital signature of the registered person or his authorised representative.

(b) The taxable value in the invoice issued under clause (a) shall be the same as the value of the common services.

6.4 It appears that as per Rule 54(1A), **a registered person with the same PAN as the Input Service Distributor can transfer the credit of common input tax services to the Input Service Distributor** for further distribution to the respective branches.

6.5 We find that till March 2025, the applicant's Head Office has been following the procedure of distributing eligible ITC relating to such common input services attributable to one or more States by issuing invoices under Section 31 of CGST Act, from the regular registration to the respective States. They have been following the procedure as clarified by Board Circular no.199/11/2023-GST dated 17.07.2023 wherein it was stated that the Head Office may alternatively issue tax invoices to their Branches including internally generated services provided by the HO to BO like the cost of salary of employees of the HO involved in providing the said services to the BO.

6.6 The amendment carried out under Sections 11 and Section 12 of Finance Act (8 of 2024), 2024, to substitute the provisions of Section 2(61) and Section 20 of the CGST Act, 2017, were as follows :-

Section 2 (61) "Input Service Distributor" means an office of the supplier of goods or services or both **which receives tax invoices towards the receipt of input services**, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, **and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20;**

Section 20 - Manner of distribution of credit by Input Service Distributor-

(1) Any office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, **shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.**

(2) *The Input Service Distributor shall distribute the credit of central tax or integrated tax charged on invoices received by him, including the credit of central or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.*

(3) *The credit of central tax shall be distributed as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed].*

6.7 We find that the amendment carried out in Section 11 of the Finance Act, (8 of 2024), 2024, has defined the Input Service Distributor as one who receives invoices of the input services and distributes the credit of such input invoices as prescribed under Section 20 of CGST Act, 2017. Amendment carried out in Section 12 of the Finance Act, (8 of 2024), 2024, has amended Section 20 of CGST Act, 2017 wherein the receiver of common input service invoices shall be required to be registered as Input Service Distributor and thereby distribute the credit of such common input services to the branches. The said amendment was notified as coming into force from 1st day of April 2025 vide Notification no.16/2024-Central Tax dated 06.08.2024.

6.8 As such, it appears that from 1st April 2025, to receive common input service invoices, for distribution to other branches/States, the taxpayer should necessarily be registered as an Input Service Distributor.


6.9 We find that the applicant's practice of receiving the invoices, from vendors pertaining to common input services, in the name of MRF HO and raising invoices in the name of their ISD registration and thereby distributing the common credit to the various branches/States is not consistent with the legal position from 1st April 2025.

6.10 We find that with the amendment to Section 2(61) and Section 20 of the CGST Act vide Notification no.16/2024-Central Tax dated 06.08.2024, ***it has been made mandatory to receive and distribute such Input Tax Credit*** of common input services ***only through ISD mechanism.***


7. In view of the above, we rule as under:

Ruling

1. With the amendment to Section 2(61) and Section 20 of the CGST Act, 2017 being made effective from 1st April 2025 vide Notification No.16/2024-Central Tax dated 06.08.2024, following the procedure for receiving and distribution of common input services in terms of Rule 54(1A) of the CGST Rules, 2017 is not consistent with the legal position from 1st April 2025.
2. The applicant cannot continue to receive the Input Service Invoices issued by the Service Provider/Supplier of Service for the Common Input Service in the name of and addressed to Applicant's Regular Registration and subsequently transfer the same in terms of Rule 54(1A) of CGST Rules, 2017 to MRF HO ISD Registration for subsequent distribution of the common Input Tax Credit through ISD Mechanism.


(B. Suseel Kumar)
Member (SGST)




(C. Thiagarajan)
Member (CGST)

To

M/s. MRF LIMITED
Arakonam – Tiruttani road, Ichiputhur,
Arakonam, Tamil Nadu-631 003.

(By RPAD)

Copy submitted to :

1. The Principal Chief Commissioner of GST and Central Excise,
26/1, Uthamar Mahatma Gandhi Road,
Nungambakkam, Chennai 600 034.
2. The Commissioner of Commercial Taxes,
2nd Floor, Ezhilagam, Chepauk, Chennai 600 005.
3. The Commissioner of GST and Central Excise,
Chennai Outer Commissionerate,
Newry Towers, No.2054, I Block, II - Avenue,
12th Main Road, Anna Nagar, Chennai 600 040.

Copy to:

1. The Assistant Commissioner (ST),
Egmore Assessment Circle,
No. 88, 2nd Floor, Mayor Ramanathan Salai,
Spur Tank Road, Chetpet, Chennai – 600 031.
2. Stock File – A1