

MRT.FINANCE.GST.02

24.03.2023

To,

M/s K NANDIBASAPPA & SONS,
D. BANUMAIAH ROAD, MYSORE,
DIST- MYSORE- 570001

SUB: POINT RAISED REGARDING APPLICABILITY GST ON DIFFERENTIAL DEALER'S
MARGIN/COMMISSION.

Dear Sir,

We write reference to your letter dtd 07.12.2022 seeking clarification on "Applicability of GST on the differential dealer commission/ margin received from BPCL against the sales of MS/HSD".

The views of BPCL with respect to the differential Dealer's Margin/Commission given by BPCL to the dealers on monthly basis is given below:

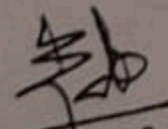
The products Motor Spirit (MS) and High-Speed Diesel (HSD) are covered under the Karnataka State Tax Act, 1957 (KST Act) and are not liable to tax under the GST Act 2017/ KGST Act 2017. All such differential Dealer's Margin/Commission have been duly considered as a credit note under the KST Act.

BPCL provides differential dealer margin/commission to its dealers based on the quantity of sales of MS and HSD made by our dealers for the month. This margin given by BPCL is in the nature of additional discount provided to the dealers against the value of MS and HSD uplifted by them from BPCL. It is accounted as Trade discount (direct expenditure) in the books of BPCL against the sales.

The margin/ discount given to M/s K NANDIBASAPPA & SONS is against the sales of MS & HSD and thus all the credit notes are processed with KST. Since the underlying product against this differential dealer Margin/Commission is MS & HSD, Provision of CGST Act/ KGST Act 2017 are not applicable. Therefore, the subject differential dealer margin/commission cannot be construed as consideration for supply under GST. Therefore, no GST shall be applicable on the same.

Thanking You,

For Bharat Petroleum Corporation Limited


Territory Manager (Retail)
Mysore

Galaxy A13

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GOVERNMENT OF INDIA
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A.No.41/MAY/2023/MY/ADC/JC/GST/D

Date: 26-07-2023

Name of the Appellant	The Superintendent of Central Tax, Chamarajapuram Range, Mysuru	
Name of the respondent Authorized Representative	Shri.B.S.Kiran Kumar , Partner of M/s K.Nandibasappa & Sons, BPCL Dealer. Shri.Ashok Kumar.R, Auditor, Authorised Representative	<i>Kiran Kumar BS 26/07/23</i> <i>Ashok R</i> Signature 26/7/23
Name & Designation of the Departmental Representative	--	
Contact No.	9845000035 - shri.B.S.Kiran Kumar 8073900704 - shri.Ashok Kumar	

PLACE: MYSURU

RECORD OF PERSONAL HEARING

Shri.Ashok Kumar and authorised representative appeared before me and re-iterated the submissions made as per the appeal memorandum. The AR submitted that the appellant is running a petrol bunk in Mysuru who is receiving differential dealer's Margin / Commission for the products Motor Spirit (MS) and High Speed Diesel (HSD) from Bharath Petroleum. During the GST Departmental Audit they had raised a para on Non payment of GST on Incentive / dealers margin received from Bharth Petroleum Corporation Limited. The appellant at the time of audit could not produce the letter from BPCL and the matter was referred to the JRO by Audit and the SCN was issued opportunity of personal hearing was given to the appellant and JRO had informed the appellant to submit the letter from BPCL and at that time also the appellant could not produce in personal hearing also. Hence, this appeal has been preferred. During the personal hearing the letter from BPCL has been submitted by the appellant. Hence, the demand raised in the impugned order may please be dropped.

Kiran Kumar BS
26/07/23

Ashok R
26-7-23

[Signature]
26/7/23