

**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>Sri Balakrishna S, I.R.S., Additional Commissioner/Member (CGST), Office of the Commissioner of GST and Central Excise, Audit II Commissionerate, Chennai - 600 034.</b>	<b>Smt. A.Valli, M.Sc., Joint Commissioner/Member (SGST), Authority for Advance Ruling, Tamil Nadu, Chennai - 600 006.</b>
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**Advance Ruling No. 22/AAR/2024, dated 25.10.2024**

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	33ABAF9251G1ZQ
Legal Name of Applicant	M/s. Aeon Financial Consulting LLP
Registered Address/ Address provided while obtaining User id	No.1, B and C, Sivanandham Apartments, East Park Road, Pulla Avenue, Shenoy Nagar, Chennai 600 030.
Details of Application	Application Form GST ARA-01 received from the applicant on 27.06.2023.
Jurisdictional Officer	State – Chennai Central Division, Amaindakara Circle.
Concerned Officer	Center–Chennai North Commissionerate, Purasawalkam Division.
Nature of activity (s) (proposed/present) in respect of which advance ruling sought for A. Category B. Description (in brief)	Leasing Business  Intend to get into the business of Leasing/ Renting of consumer durable products/ Motor Vehicles/ Mobile phones and Electronic equipment for tenure ranging from 6 months to 2 years.
Issues on which advance ruling required	Determination of time and value of supply of goods or services or both.  Determination of the liability to pay tax on any goods or services or both.
Question(s) on which advance ruling is required	<ol style="list-style-type: none"> <li>1. Whether leasing (for a period from 6 months to 2 years) constitutes continuous supply of services as per Section 2(33) of CGST Act 2017?</li> <li>2. Whether total contract price is considered as transaction value for computation of GST payable as per Section 18(6) of CGST Act 2017 at the time of supply of services. The tax invoice is proposed to be raised for every lease rental due (on a monthly basis) with corresponding GST collected every month?</li> <li>3. On further supply of the aforementioned asset by the lessor, on expiry/termination of lease (and asset henceforth, returned by lessee) whether the transaction value shall be residual value of the asset?</li> </ol>

M/s. Aeon Financial Consulting LLP, Flat No.1, B and C, Sivanandham apartments, East Park Road, Pulla Avenue, Shenoy nagar, Chennai 600 030 (hereinafter called as the "Applicant") intends to get into the business of Leasing/ Renting of consumer durable products/ Motor Vehicles/ Mobile phones and Electronic equipment for tenure ranging from 6 months to 2 years. They are registered under the GST Acts with GSTIN 33ABAF9251G1ZQ.

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. The Applicant have preferred this application seeking Advance Ruling on the following:

1. Whether leasing (for a period from 6 months to 2 years) constitutes continuous supply of services as per Section 2(33) of CGST Act 2017?
2. Whether total contract price is considered as transaction value for computation of GST payable as per Section 18(6) of CGST Act 2017 at the time of supply of services. The tax invoice is proposed to be raised for every lease rental due (on a monthly basis) with corresponding GST collected every month?
3. On further supply of the aforementioned asset by the lessor, on expiry/termination of lease (and asset henceforth, returned by lessee) whether the transaction value shall be residual value of the asset?

4. **Statement of facts in brief:**

4.1 The applicant has submitted that they are planning to start a Leasing/ Rental business wherein they will procure consumer durable products/ Vehicles/ Mobile phones/ Electronic equipment/ Computers and Laptops and given them on lease for a certain period on a contract basis.

4.2 The applicant has also submitted the transaction flow of their business as follows:

- i) The assets such as consumer durable products/vehicles shall be purchased on an outright basis, evidenced by a tax invoice.
- ii) The aforementioned assets shall be let out on lease for tenure up to 4 years.
- iii) The lease rentals, along with GST are proposed to be charged to the "registered person (lessee)" with a corresponding tax invoice on a monthly/quarterly basis, throughout the tenure of the lease.

- iv) At the end of the lease tenure, the leased asset would be returned by the lessee to the lessor (as per the terms of the lease agreement).
- v) The aforesaid leased asset, could be leased out again by the lessor or sold at a residual value or Fair market value, depending upon the physical condition of the underlying asset.

Further, the applicant is of the understanding that leasing is covered under "supply" and will be treated as a supply of service as per Section 7, read with Schedule II.

4.3 The applicant has submitted the following interpretation of law in respect of the questions raised by them for which Advance Ruling is sought,

- i) As the contract is for more than 3 months and is a supply of service, it constitutes a continuous supply of services as per Section 2(33) of CGST Act 2017.
- ii) As on the contract inception date, the aggregate of lease receivables constitutes money received or receivable for a recurring period as per the contract terms, it can be referred as transaction value as per Section 18(6) of the CGST ACT 2017.
- iii) On further supply of the aforementioned asset on expiry/termination of lease, the transaction value shall be residual value as only the residual value is recovered as per the contract.

5. The applicant is under the administrative control of State Tax Authority. The concerned Authorities of the Centre and State were addressed to report the detailed remarks and no pendency report on the questions raised by the applicant in their ARA application.

5.1 The concerned Center Authority vide their letter dated 07.03.2024 have informed that there is no pending proceedings against the applicant as per their office records and also furnished detailed remarks as follows,

**Question No.1:** Whether leasing (for a period from 6 months to 2 years) constitutes continuous supply of services as per Section 2(33) of CGST Act 2017?

**Answer:** In this regard, it is submitted that as per sub-section 33 of Section 2 of CGST Act, 2017 leasing for (a period from 6 months to 2 years) shall be constituted as continuous supply of service.

**Question No.2:** Whether total contract price is considered as transaction value for computation of GST payable as per Section 18(6) of CGST Act 2017 at the time of supply of services. The tax invoice is proposed to be raised for every lease rental due (on a monthly basis) with corresponding GST collected every month?

**Answer:** Total contract price is considered as transaction value for computation of GST payable as per Section 15 of CGST Act, 2017 at the time of supply of services. Section 18 of the CGST Act, 2017 is related to the availability of credit in special circumstances.

Further, the invoice referred to in Rule 46, in the case of the taxable supply of services, shall be issued within a period of thirty days from the date of the supply of service as per Section 31 of CGST Act, 2017 read with rule 47 of CGST Act, 2017.

**Question No.3:** On further supply of the aforementioned asset by the lessor, on expiry/termination of lease (and asset henceforth, returned by lessee) whether the transaction value shall be residual value of the asset?

**Answer:** The value of the capital goods is determined based on the transaction value, which is the price paid or payable for the goods. If the transaction value cannot be determined, the value will be determined based on the open market value of the goods.

5.2 The State Authority has not furnished any reply and therefore, it is construed that there are no pending proceedings against the applicant on the questions raised by the applicant in the ARA application.

6. Meanwhile, the applicant was given an opportunity to be heard in person on 25.09.2024 vide this office memorandum No.336/2023, dated 18.09.2024. In pursuance to this, the applicant vide their letter dated Nil received by e-mail dated 19.09.2024, has requested to drop the matter as they do not wish to pursue the same.

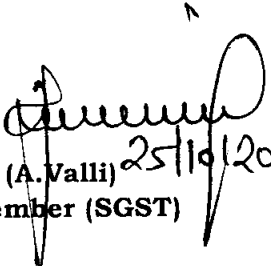
**Discussions and Findings:**

7. After due consideration, the aforementioned letter of the applicant, wherein they have requested to drop the matter as they do not wish to pursue it any further, is taken on record. Hence, their request is considered and the application is allowed to be treated as withdrawn without going into the merits or detailed facts of the case.

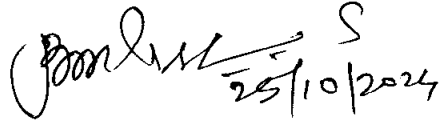
In view of the above, we rule as under:

**Ruling**

The ARA Application received from the applicant on 27.06.2023 is disposed as withdrawn as per the request of the applicant.

  
(A. Valli) 25/10/2024  
Member (SGST)



  
(Balakrishna S)  
Member (CGST)

To  
M/s. Acon Financial Consulting LLP,  
No.1, B and C, Sivanandham Apartments,  
East Park Road, Pulla Avenue,  
Shenoy Nagar, Chennai 600 030.

(By RPAD)

**Copy submitted to :**

1. The Principal Chief Commissioner of GST and Central Excise,  
26/1, Uthathamar 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 Principal Commissioner of GST and Central Excise,  
Chennai (North) Commissionerate,  
26/1, Uthathamar Mahatma Gandhi Road,  
Nungambakkam, Chennai 600 034.

**Copy to :**

1. The Assistant Commissioner (ST),  
Amaidakarai Assessment Circle,  
No.F-50, 1<sup>st</sup> Avenue,  
Anna Nagar East,  
Chennai 600 102.
2. Master File/ Spare – 2.