

**GOVERNMENT OF TAMIL NADU  
COMMERCIAL TAXES DEPARTMENT  
OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES  
EZHILAGAM, CHENNAI- 600 005**

**PRESENT: Dr. D.JAGANNATHAN I.A.S,**

**COMMISSIONER OF STATE TAX**

**Circular No. 9/2024  
(PP6/GST-160/2024)**

**Dated : 12.07.2024**

Sub: Clarification on taxability of salvage/ wreck value earmarked in the claim assessment of the damage caused to the motor vehicle -Regarding.

Ref: Circular No. 215/9/2024-GST, dated 26.06.2024, issued by Government of India, Ministry of Finance, Department of Revenue, CBIC, GST Policy Wing.

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In the reference cited, the Government of India, Ministry of Finance, Department of Revenue CBIC, GST Policy Wing, has issued Circular No 215/9/2024-GST, dated 26.06.2024 based on the recommendations of the GST Council. Hence, following *pari-materia* circular is issued.

The insurance companies, which are engaged in providing general insurance services in respect of insurance of motor vehicles, insure the cost of repairs/ damages of motor vehicles incurred by the policyholders. Such damages to the insured vehicle are classified in two categories:

- i. Total Loss/ Constructive Total Loss or Cash Loss; and
- ii. Partial Loss Situation

1.1 Representations have been received from the trade and field formations by the GST Council, seeking clarification as to whether in case of motor vehicle insurance, GST is payable by the insurance company on salvage/ wreckage value earmarked in the claim assessment of the damage caused to the motor vehicle.

2. In order to clarify the issue and to ensure uniformity in the implementation of the provisions of law across the field formations, the Commissioner, in exercise of powers conferred by section 168 of the Tamilnadu Goods and Services Tax Act, 2017 (hereinafter referred to as "TNGST Act"), hereby clarifies the issues as under: