



# Lawgics

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## Section 95 of CGST Act, 2017



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### ADVANCE RULING

#### 95. Definitions.

In this Chapter, unless the context otherwise requires,—

- (a) “advance ruling” means a decision provided by the Authority or the Appellate Authority or the National Appellate Authority to an applicant on matters or on questions specified in subsection (2) of section 97 or sub-section (1) of section 100 or of section 101C, in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant;
- (b) “Appellate Authority” means the Appellate Authority for Advance Ruling referred to in section 99;
- (c) “applicant” means any person registered or desirous of obtaining registration under this Act;
- (d) “application” means an application made to the Authority under sub-section (1) of section 97;
- (e) “Authority” means the Authority for Advance Ruling referred to in section 96.
- (f) “National Appellate Authority” means the National Appellate Authority for Advance Ruling referred to in section 101A.

### Our Interpretation

Section  
95

(a) “advance ruling” means a **decision** provided by:

- Authority (**AAR**) or
- the Appellate Authority (**AAAR**), or
- the National Appellate Authority (*effective date yet to be notified*)

to an **applicant** on below-mentioned matters or on questions, in relation to the supply of goods or services or both **being undertaken** or **proposed to be undertaken** by the applicant. Advance ruling cannot be sought on/ for transactions already undertaken in the past.

Any advance ruling is a written interpretation of tax laws. It is issued by tax authorities to applicants who request for clarification of certain tax matters. An advance ruling is often requested when the taxpayer is confused and uncertain about certain provisions.

Advance ruling is often sought for matters such as–

1. Classification of any goods and/or services under the Act
2. Applicability of a notification which affects the rate of tax
3. Determination of time and value of supply of goods/services
4. Whether input tax credit paid (or deemed to be paid) will be allowed
5. Determination of the liability to pay tax on any goods/services
6. Whether the applicant has to be registered under GST
7. Whether any particular thing done by the applicant regarding goods/services will result in a supply.

In a single ruling the applicant may question on multiple matters stated above. For example, in a ruling the applicant may have a question on the applicability of a notification and determination of liability thereupon.

An advance ruling pronounced by authority is binding only on the applicant and on the concerned officer or the jurisdictional officer in respect of the applicant. This clearly means that an advance ruling is not applicable to similarly placed other taxable persons in the State. It is only limited to the person who has sought for an advance ruling.

The objective of any advance ruling is to–

1. Provide certainty for tax liability in advance in relation to a future activity to be undertaken by the applicant
2. Reduce litigation and costly legal dispute
3. Give decisions in a timely, transparent and inexpensive manner
4. Any taxpayer can request for advance ruling when he is uncertain of the provisions.

The Authority for advance ruling constituted under the provisions of SGST/UTGST Act shall be deemed to be the Authority for advance ruling in respect of that State or Union territory under the CGST Act, 2017 also. This means that the ruling given by the authority will be applicable only within the jurisdiction of the concerned state or union territory. It is also for this reason that questions on determination of place of supply cannot be raised with the authority for advance ruling.

(b) “Appellate Authority” means the Appellate Authority for Advance Ruling (**AAAR**) constituted under section 99 of CGST Act, 2017 in each State or Union territory. *(to be covered in section 99)*

(c) “applicant” means any **person registered or desirous of obtaining registration** under this Act.

(d) “application” means an application made to the Authority *(to be covered in section 97)*.

(e) “Authority” means the Authority for Advance Ruling (**AAR**) constituted under section 96 of CGST Act, 2017 in each State or Union territory. *(To be covered in section 96)*.

(f) “National Appellate Authority” means the National Appellate Authority for Advance Ruling referred to in section 101A. **(Effective date is yet to be notified)**.