



BILL TO SHIP TO UNDER GST

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The Goods and Services Tax (GST) is an indirect tax based on the consumption destination. Hence it is very important for the taxpayers to correctly determine the place of supply, especially in transactions where billing address and the actual shipping address are different.

Bill to ship to transactions: is a common practice in trade and in day today business, there can be cases where the supplier does not have the stock of the goods ordered or it is not economically viable for him to first get the goods at his place and then forward it to recipient's place.

In such cases he will ask third party to ship the goods directly to the customer.

Section 10(1)(b) of IGST Act covers supply before or during movement of goods by transfer of documents or otherwise. In case of such sale, it shall be presumed that the final recipient is in different States, the supply will be inter-state even if goods are delivered in the same State on direction of customer (third party).

Place of supply: In GST Regime, the place of supply of goods is an important factor to determine the transaction as interstate or intrastate and accordingly, the applicable taxes can be levied.

If the goods are supplied by the supplier to the recipient on the direction of a third person, it will be deemed that the third person has received the goods and the place of supply will be the principal place of business of such person.

Where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it will be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.

Input tax Credit under Bill to Ship to transactions: - The third person (under whose instructions goods are supplied to recipient) can take ITC of GST charged by supplier and in turn charge GST to final recipient in bill to ship to transaction under section 10(1)(b) of IGST Act.

For Example:

M/s GSN Ltd., a dealer of electronic goods, located in Karnataka receives an order from M/s Impex Ltd., Located in Tamil Nadu. The order is for supply of 5000 numbers of Electronic parts with an instruction to ship these goods to M/s Preethi Ltd., located in Kerala.

- Bill To M/s Impex Ltd., Tamil Nadu, Ship To M/s Preethi Ltd.,

For the above, Invoice-1 raised by M/s GSN Ltd., on M/s Impex Ltd., here M/s Impex Ltd., is eligible to take the ITC.

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Invoice -2 raised by M/s Impex Ltd., to M/s Preethi Ltd., with value addition (Mark up value). Here M/s Preethi Ltd., can take the ITC.

Various Scenario for understanding purpose :

Supplier	Bill to (Third Party)	Ship to (Recipient)	Place of Supply	GST
KARNATAKA	KARNATAKA	KARNATAKA	KARNATAKA	CGST + SGST
KARNATAKA	KERALA	KARNATAKA	KERALA	IGST
KARNATAKA	KARNATAKA	KERALA	KARNATAKA	CGST + SGST
KARNATAKA	KERALA	KERALA	KERALA	IGST

E-way bill: - As per GST rules, an E-way Bill Number is to be generated whenever there is any movement of goods, in Bill to Ship to scenario, though there are two invoices, the physical movement of goods is happening only once. Thus E-way bill needs to be created only once and could be based on either of Invoices.

In the E-way bill form, there are two portions under “TO” section. On the left-hand side – Billing To GSTIN and trade name is entered and in the right hand side – Ship to address of the destination of the movement is entered. The other details are entered as per the invoice. In case, ship to state is different from Bill to State, the tax components are entered as per the billing state party. That is if the Bill to location is inter-state for the

supplier, IGST is entered and if the Bill to Party location is intra-state for the supplier, the CGST and SGST are entered irrespective of movement of goods whether movement happened within the state or outside the state.

Under “Bill To Ship To” model of supply, there are three persons involved in a transaction: -

- 1) M/s Impex Ltd., is given an order M/s GSN Ltd., to send the goods directly to M/s Preethi Ltd.,
- 2) M/s GSN Ltd., is sending goods directly to M/s Preethi Ltd.,
- 3) M/s Preethi Ltd., is the recipient of goods.

Here two suppliers are involved and two tax invoices are required to be issued: -

- Invoice -1, which would be issued by M/s GSN Ltd., to M/s Impex Ltd.,
- Invoice -2, which would be issued by M/s Impex Ltd., to M/s Preethi Ltd.,

Case -1 : Where e-way bill is generated by M/s Impex Ltd.,

The following fields shall be filled in Part A of GST Form EWB-01

1	Bill From	In this field details of M/s Impex Ltd. are supposed to be filled
2	Dispatch From	This is the place from where goods are actually dispatched. It may be the principal or additional place of Business of M/s Impex Ltd.,
3	Bill To	In this field details of M/s GSN Ltd., are supposed to be filled
4	Ship To	In this filed address of M/s Preethi Ltd., is supposed to be filled
5	Invoice Details	Details of Invoice -1 are supposed to be filled

Delivery at a different place

There are certain circumstances under which the goods being transferred are sent to a location other than the location of the purchaser (registered office). Below are some examples of peculiar circumstances where a buyer may ask for delivery at a different location or to a third party: -

- Buyer requires delivery at one of his warehouses which is at a location other than his registered office.
- Buyer (trading business) requires delivery of goods directly to one of his customer's locations (third party).
- Buyer requires delivery of goods to a specially designed storage facility (cold storage, customs warehouse, etc.)
- Buyer requires delivery of goods to an institutional customer to whom he has already sold the goods further who is at a different location.
- Buyer's customer is a retail chain and requires delivery of goods to various outlets.

Under all the above circumstances, the "Bill to and Ship to" address as in the GST invoice shall be different. As the customer buying the goods has his billing address at his registered office address whereas the goods are shipped to a different address.

This address is required while generating the E-way Bill for transfer of goods. While generating the E-way bill, the person should clearly mention the GSTIN of the buyer and the delivery location. The delivery location mentioned there shall be the actual delivery location where the goods are to be delivered and not the billing location (in case the delivery location is different from the billing address).

Responsibility to generate E-way Bill

Scenario 1

In this scenario, although the 'Bill to' and 'Ship to' addresses are different, the delivery is made necessary to the same person i.e with the same GSTIN. For example, this can happen where a buyer requests delivery of goods to one of his warehouses or storage facilities. It is nothing but a case of simply moving the goods to an additional place of business instead of the primary place of business by the buyer directly from the supplier.

Scenario 2

In this scenario, the 'Bill to' and 'Ship to' addresses are different and delivery is made to a different person i.e with a different GSTIN. For example, this can happen in a case where the goods are transferred directly to the buyer's customer (third party) from the supplier's location.

Examples for Scenario 1.

Mr. Puneeth is a Laptop dealer with a registered office at Mysuru. In view of the size of his operations, he has multiple warehousing facilities in different parts of Karnataka for facilitating effective supply-chain management. He bought 2,000 Nos. of Laptops from Dell Co. Ltd., from Bengaluru for further sale.

On purchase, he requested the supplier to ship the consignment to one of his warehouses at . Nanjangud (Karnataka) In this case, the goods are although 'Billed to' Mr. Puneeth's Mysuru office address, they are 'Shipped to' his warehouse in Nanjangud (Karnataka). The GST invoice shall clearly show the two different addresses as 'Bill to' and 'Ship to' addresses. The transporter shall carry the E-way Bill during transit.

Examples for Scenario 2.

What happens if in the above case, instead of requesting to transfer the goods to his warehouses, Mr. Puneeth requests Dell Co. Ltd., to send the Laptops to one of his wholesale customers Mr. Vinay at Nanjangud.

In this case, as we understand that the GSTIN is different for both the parties, the E-way Bill requirements do not differ from the case above. Only one E-way bill has to be generated. It can be generated by either Dell Co. Ltd., or Vinay at Nanjangud for transfer of Laptops (Bengaluru to Nanjangud).

In case of "Bill to Ship to transactions where in supplier and recipient are located in the same state and third party is located in different state, IGST would be chargeable on both the transaction i.e. supplier to Third party and Third Party to Recipient even though goods have been delivered in same state.

Conclusion :-

If the buyer wants to transfer of goods to different location, only one E-way Bill is required to be generated. In case the addresses differ along with the registered persons buying the goods and taking delivery of the same, two E-way Bill are required to be generated.

The requirement to generate two E-way Bill has also been brought keeping in view instances where the delivery location is in a state different from the buyer's state. This has been done to complete the cycle of transactions and taxes will change for inter-state transactions.

- References:**
- 1) **Practical Guide to GST Compliances**
 - 2) **website: - <https://taxguru.in>**
 - 3) **website: - <https://clearetax.in>**