

PRASAR BHARATI
(India's Public Service Broadcaster)
Prasar Bharati Secretariat
(Taxation Section)
6th Floor, Prasar Bharati House
Copernicus Marg, New Delhi-110 001

No. PB-7(14)(1)/2018-Fin / 2538-52

Dated 07.03.2019

GST Circular no.14

Sub: Incentive adjustment with/ without GST –reg.

All India Radio procures business (i.e. Commercials/ Advertisements) through Canvassers for which discount is given to them at the time of issue of invoice itself. In addition, in case of procurement of business for more than a threshold limit during a year, these canvassers are also allowed for incentive in the form of free air time by issuing credit note(s) in next year. In the GST regime, such credit note(s) are being issued by the State(s) from which invoice(s) is issued against which incentive is being offered. Such incentive is being consumed by canvassers in future business done after issue of credit note against any channel / State irrespective of the fact from which State(s) it is issued.

This incentive is basically a type of volume discount which is being allowed on achievement of certain fixed targets. Similar type of volume discount is also being given to Sales Agent in Doordarshan.

In the Service Tax regime, Prasar Bharati was having Directorate-wise registrations i.e. one each for DD and AIR Directorate. Due to that reason, there was no problem of adjustment of Credit Note in any of the State from taxation point of view. However, in the GST regime, State-wise separate registrations are taken for both Directorates and separate books of accounts/ records are required to be maintained. Credit note(s) is also required to be issued from the State(s) from which original invoice(s) is issued.

Since on issue of credit note(s), the payment received against original invoices equivalent to amount involved in credit notes becomes free, the adjustment of amount (no actual transfer only book entry to settle the accounts of units) by the State GST registration(s) [other than the State GST Registration(s) by which credit note(s) are issued] which issued invoices against such credit note(s) to Canvasser(s)/ Sales Agent(s) may be treated as transfer of money between one unit to other and therefore it does not attract GST. Such amount may be utilised against invoices issued by any State registration against adjustment of Credit note(s).



In this connection, it is also stated that w.e.f. 01.02.2019, Govt. of India has allowed issuing single credit note against multiple invoices issued during a financial year and vice-versa. Therefore, units may now issue single credit note for each State registrations against invoices issued during a financial year from that particular State registration.

However, it may be noted that as per clause (b) Section 15(3) of CGST Act, 2018, the value of supply shall not include any discount which is given after the supply has been effected, if –

- (i) Such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
- (ii) Input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

In view of the same, Prasar Bharati may reduce its GST liability of that State registration on issue of credit note(s) subject to the condition that it must be ensured that Canvasser/ Sales Agent has reversed the Input Tax Credit as is attributable to the discount to that particular credit note.

This issues with the approval of Member (Fin.), Prasar Bharati.


(C.K. Jain)

Dy. Director General (Finance)

DG: DD

DG: AIR

Copy for information & necessary action to:

1. ADG (Comm.), PB, Prasar Bharati Sectt.
2. ADG (FIN), DG:DD/ DG:AIR.
3. ADG (E&A)/ ADG (Sports), PB Sectt.
4. All ADG (E)s/ ADG(P)s of Prasar Bharati, AIR and Doordarshan.
5. CE (Civil), CCW, New Delhi.
6. DDG (Fin.), DG: DD/ DG: AIR.
7. DDG (Comm.), DG: DD/ DG: AIR.
8. All SNOs of DG: DD/ DG: AIR.
9. All DDO units of DG: DD/ DG: AIR/ PB Sectt.
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Copy for information to:

1. SO to CEO
2. PS to Member (Fin)