

	KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM	
---	--	---

BEFORE THE AUTHORITY OF : Shri Jomy Jacob IRS &
: Shri Mansur M.I.

Legal Name of the applicant	M/s. Flytxt Mobile Solutions Private Limited
GSTIN	32AABCF1310L1Z7
ARN No.	AD320223002577K
Address	7A, Leela Infopark, Technopark, Attipra Village, Thiruvananthapuram, Kerala-695581
Advance Ruling sought for	Section 18(3), CGST Act 2017 and Kerala GST Act 2017 provides that 'Where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilized in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.' M/s Mventus Solutions Private Limited had merged into the applicant. In view of the above, clarification is sought whether the applicant is eligible to transfer closing ITC balance appearing in the Electronic Credit Ledger of Mventus Solutions Private Limited (transferee company) in their Haryana



	GSTIN to the Applicant's (transferor company) Kerala GSTIN?
Date of Personal Hearing	10/09/2024 & 20.06.2025.
Authorized Representative	Sri. Anil Kumar Ramachandran, Director

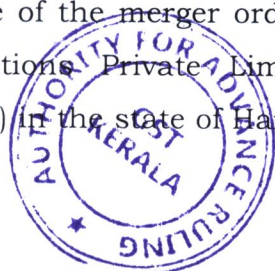
ADVANCE RULING No.KER/23/2025 Dated 23.07.2025

1. M/s Flytxt Mobile Solutions Private Limited, 7A, Leela Infopark, Technopark, Attipra Village, Thiruvananthapuram, Kerala-695581 (*hereinafter referred to as the applicant*) is in the business of supplying information technology software services by providing comprehensive cloud solutions combining analytics, AI and market automation. M/s Flytxt Mobile Solutions Private Limited is registered under GST Act 2017 bearing GSTIN 32AABCF1310L1Z7.
2. In this ruling, a reference to the provisions of the CGST Act, Rules and Notifications issued thereunder shall include a reference to the corresponding provisions of the KSGST Act, Rules and the Notifications issued thereunder.
3. The issues on which advance ruling sought are stated above.

4. Contentions of the Applicant

4.1 The applicant is in the business of supplying information technology software services by providing comprehensive cloud solutions combining analytics, AI and market automation. For business reasons, the applicant had merged its business with M/s Mventus Solutions Private Limited and M/s Madmart Services Private Limited. The merger was approved by the National Company Law Tribunal vide order dated 08.06.2020 w.e.f. 01.04.2018. Subsequent to the merger, the applicant was the only resulting entity and the entire business (assets & liabilities) of the transferee companies was transferred to the applicant.

4.2 As on the date of the merger order, one among the transferee company - M/s Mventus Solutions Private Limited held a GST registration (GSTIN 06AAHCM3636Q1ZY) in the state of Haryana with an Input Tax Credit balance of



Rs. 22,29,668/- in their electronic credit ledger. The applicant's attempt to transfer this input tax credit (through online filing of form ITC-02) from the electronic credit ledger of the Haryana GSTIN of M/s Mventus Solutions Private Limited to the applicant's Kerala GSTIN was disallowed by the online GST portal with a message that read - 'Transferee and Transferor should be of same State/UT'.

4.3 The applicant submits that as per Section 18(3), CGST Act 2017, when there is change in the constitution of a registered person on account of merger with the specific provision for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilized in his electronic credit ledger to such merged business in such manner as prescribed in Rule 41, CGST Rules 2017.

4.4 The applicant submits that the merger between the applicant and M/s Mventus Solutions Private Limited & M/s Madmart Services Private Limited have satisfied all the conditions mentioned in Section 18(3), CGST Act 2017 and Rule 41, CGST Rules 2017. The applicant highlights that no restriction on interstate transfer of input tax credit has been envisaged by the said Act or the Rules prescribed in this regard. Accordingly, the balance input tax credit amounting to Rs. 22,29,668/- in the electronic credit ledger of the Haryana GSTIN of M/s Mventus Solutions Private Limited is eligible for credit for the applicant.

4.5 The applicant states that a similar issue was discussed and decided by the Andhra Pradesh Authority for Advance Ruling wherein the Advance Ruling Authority allowed the interstate transfer of unutilized Input Tax Credit.

4.6 The applicant states that, in view of the statutory provisions and the above mentioned Advance Ruling, it is clear that interstate transfer of Input Tax Credit is not restricted under Section 18(3), CGST Act 2017 read with Rule 41, CGST Rules 2017. The applicant claims that the only issue in this regard is in the online GST portal which does not accept a GSTIN of a different state. Hence, the applicant submits that a substantial legal benefit should not be denied to the applicant merely on account of a technological restriction and that such denial of Input Tax Credit would be against the basic principles of merger that all assets



and liabilities of the transferee companies gets transferred to the merged company.

4.7 The applicant submits that closing Input Tax Credit in the electronic credit ledger of M/s Mventus Solutions Private Limited are CGST and IGST credits and that this fact makes it even more clear that there should not be any restriction in interstate transfer of Input Tax Credit in the case of merger between two companies.

4.8 The applicant has submitted that the Advance Ruling Authority may kindly permit the applicant to transfer the unutilised Input Tax Credit in the electronic credit ledger of the Haryana GSTIN of M/s Mventus Solutions Private Limited to the applicant's Kerala GSTIN.

4.9 The applicant further submits that if the question contained in the current AAR is answered in the affirmative by the Advance Ruling Authority, considering the system restrictions, the applicant proposed to avail the said unutilised Input Tax Credit in its Kerala GSTIN through the GSTR 3B returns of the applicant and simultaneously reverse such credit using Form DRC-03 in Haryana GSTIN of M/s Mventus Solutions Private Limited.

5. Comments of the Jurisdictional Officer

The application was forwarded to the jurisdictional officer as per provisions of Section 98 (1) of the CGST Act. The Jurisdictional officer has not submitted any remarks and hence it is presumed that the jurisdictional officer has no specific comments to offer. It is also construed that no proceedings are pending on the issue against the applicant.

6. Personal hearing

The applicant was granted opportunity for personal hearing on 10-09-2024 and a rehearing was conducted on 20-06-2025 due to the change of Central and State members. Sri. Anil Kumar Ramachandran, Director represented the applicant for personal hearing, and reiterated the contentions made in the application.



7. Discussion and conclusion.

7.1 The application is admissible as per sub section 2(a) of section 97.

7.2 The issue was examined in detail. The issue is whether the applicant is eligible to transfer closing input tax credit balance appearing in the electronic credit ledger of the Haryana GSTIN of M/s Mventus Solutions Private Limited (transferee company) to the applicant's (transferor company) Kerala GSTIN. In this regard, as per Section 18 (3) of the CGST Act, 2017, *Where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.* As per Rule 41 (1) of the CGST Rules, 2017, *A registered person shall, in the event of sale, merger, de-merger, amalgamation, lease or transfer or change in the ownership of business for any reason, furnish the details of sale, merger, de-merger, amalgamation, lease or transfer of business, in FORM GST ITC-02, electronically on the common portal along with a request for transfer of unutilized input tax credit lying in his electronic credit ledger to the transferee.* The provisions of law does not put any embargo on transfer of ITC when a registered person is subject to change in constitution on account of sale, merger, amalgamation etc. Therefore, we are of the opinion that the applicant is eligible to transfer closing input tax credit balance appearing in the electronic credit ledger of the Haryana GSTIN of M/s Mventus Solutions Private Limited (transferee company) to the applicant's (transferor company) Kerala GSTIN.

7.2 From the submissions, we also find that the ITC proposed to be transferred includes only CGST and IGST and no SGST is involved. Since Haryana State SGST cannot be utilised to pay Kerala State SGST, there would have been technical issues that had the applicant applied for transfer of Haryana State GST by way of filing Form GST-ITC-02. However, in view of the provisions of Section 18 (3) of the CGST Act, 2017 and Rule 41 (1) of the CGST Rules, 2017 read with corresponding provisions of Kerala State GST Act and Rules, we find that there is



nothing which forbids the transfer of IGST and CGST on merger of one taxpayer with the other, even if the two GSTINs are not within the same state.

7.3 The applicant had also submitted that if the question contained in the current AAR is answered in the affirmative by this authority, they propose to avail the said unutilised Input Tax Credit in its Kerala GSTIN through GSTR 3B returns of the applicant and simultaneously reverse such credit using Form DRC-03 in Haryana GSTIN of M/s Mventus Solutions Private Limited. However it is clarified that this is procedurally incorrect and may lead to denial of credit as the same would appear unsupported. As it is a technical issue that prevents the applicant from transferring the credit to its Kerala GSTIN, they are advised to approach the appropriate jurisdictional authority for resolution of the same.

8. Given the observations stated above, the following rulings are issued;

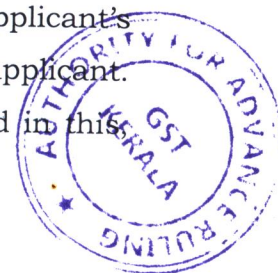
RULING

Question. Section 18(3), CGST Act 2017 and Kerala GST Act 2017 provides that "Where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilized in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed."

M/s Mventus Solutions Private Limited had merged into the applicant.

In view of the above, clarification is sought whether the applicant is eligible to transfer closing ITC balance appearing in the Electronic Credit Ledger of Mventus Solutions Private Limited (transferee company) in their Haryana GSTIN to the Applicant's (transferor company) Kerala GSTIN?

Ruling- Yes. The applicant is eligible to transfer closing balance of CGST and IGST appearing in the electronic credit ledger of the Haryana GSTIN of M/s Mventus Solutions Private Limited (transferee company) to the applicant's (transferor company) Kerala GSTIN on merger of the former with the applicant. Further, it is clarified that for resolution of the technical issue involved in this



they may approach the appropriate jurisdictional authority for resolution of the same.


Jomy Jacob IRS

Addl. Commissioner of Central Tax
 Member


Mansur M.I.

Joint Commissioner of State Tax
 Member

To,

M/s Flytxt Mobile Solutions Private Limited,
 7A, Leela Infopark, Technopark, Attipra Village,
 Thiruvananthapuram, Kerala-695581



Copy submitted to:

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin- 682018. [E-mail ID: cccochin@nic.in; ccu-cexcok@nic.in]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram- 695002.[email: cst.sgst@kerala.gov.in].
3. The Commissioner of Central Tax & Central Excise, Thiruvanthapuram Commr.'te, GST Bhavan, Statue, Thiruvanthapuram (E-mail id : commr-tvmhqs@gov.in)

Copy to:

1. The Joint Commissioner, TPS, HQ, Thiruvananthapuram.
2. The Deputy Commissioner, ITMD, Thiruvananthapuram.
3. The State Tax Officer, Tax Payer Services Circle, Kazhakootam.
4. The Suptd. of Central Tax, Kazhakootam Range, North Division.

