

## Chapter 14: Place of Supply

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## 14.0 Place of Supply of Goods in GST

### 14.0.1 Definitions:

Section	Term	Provision
Sec. 2(4) of IGST	Customs frontiers of India means	the limits of a customs area as defined in section 2 of the Customs Act, 1962
Sec. 2(5) of IGST	Export of goods means	taking goods out of India to a place outside India
Sec. 2(6) of IGST	Export of services means	the supply of any service when,— (i) the supplier of service is located in India; (ii) the recipient of service is located outside India; (iii) the place of supply of service is outside India; (iv) the payment for such service has been received by the supplier of service in convertible foreign exchange or in Indian rupees wherever permitted by Reserve Bank of India (w.e.f. 1-2-2019); and (v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with <i>Explanation 1</i> in section 8;
Sec. 2(10) of IGST	Import of goods means	bringing goods into India from a place outside India
Sec. 2(11) of IGST	Import of services means	the supply of any service, where— (i) the supplier of service is located outside India; (ii) the recipient of service is located in India; and (iii) the place of supply of service is in India;
Sec. 2(16) of IGST	Non-taxable online recipient means	any Government, local authority, governmental authority, an individual or any other person not registered and receiving online information and database access or retrieval (OIDAR) services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory.

### Section 7 of IGST Act, 2017: Inter-State Supply:

Supply of goods	Supply of service
<p>Section 7(1): Subject to the provisions of section 10, supply of goods, where the location of the supplier and the place of supply are in—</p> <p>(a) two different States; (b) two different Union territories; or (c) a State and a Union territory,</p> <p>shall be treated as a supply of goods in the course of inter-State trade or commerce.</p>	<p>Section 7(3): Subject to the provisions of section 12, supply of services, where the location of the supplier and the place of supply are in—</p> <p>(a) two different States; (b) two different Union territories; or (c) a State and a Union territory,</p> <p>shall be treated as a supply of services in the course of inter-State trade or commerce.</p>

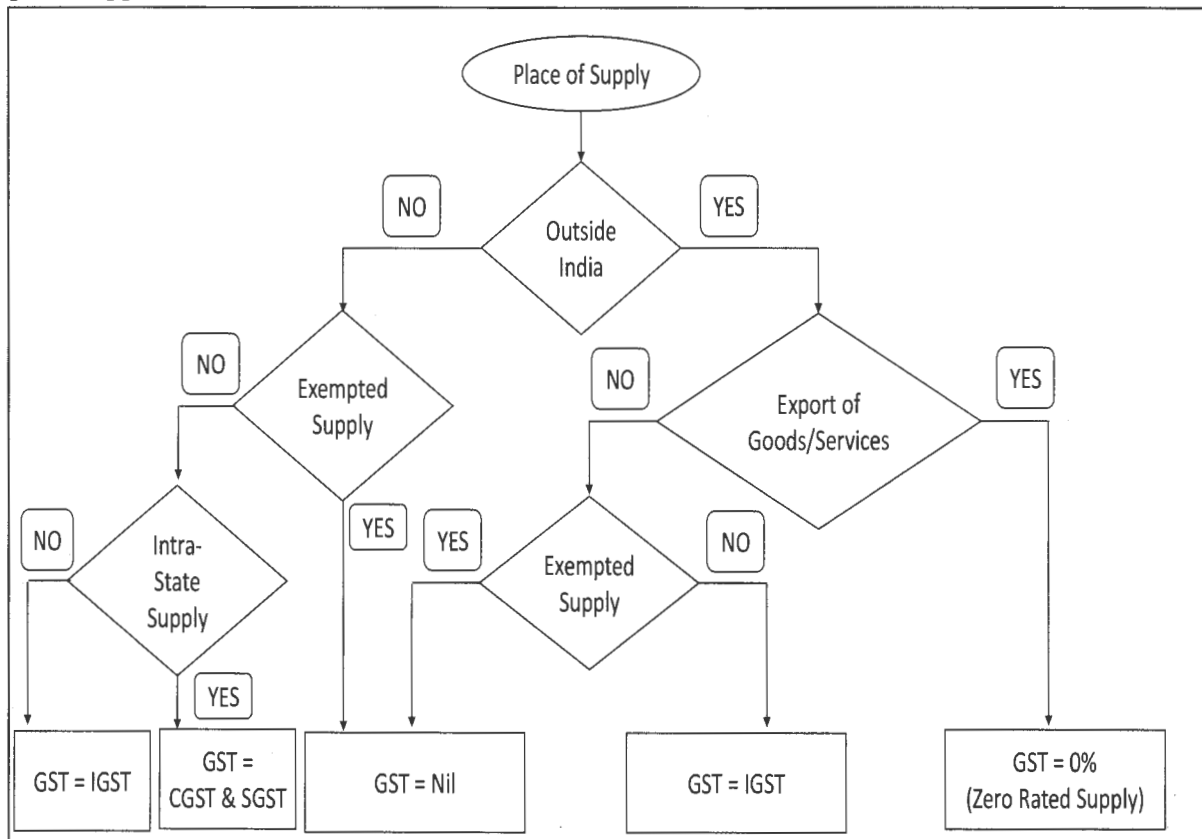
Supply of goods	Supply of service
Section 7(2): Supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter-State trade or commerce.	Section 7(4): Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter-State trade or commerce.
Section 7(5): Supply of goods or services or both,— (a) when the supplier is located in India and the place of supply is outside India; (b) to or by a Special Economic Zone developer or a Special Economic Zone unit; or (c) in the taxable territory, not being an intra-State supply and not covered elsewhere in this section, shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.	

**Section 8 of IGST Act, 2017: Intra-State Supply:**

Supply of goods	Supply of services
<b>Section 8(1):</b> Subject to the provisions of <b>section 10</b> , supply of goods where the location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply: Provided that the following supply of goods shall not be treated as intra-State supply, namely:— (i) supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit; (ii) goods imported into the territory of India till they cross the customs frontiers of India; or (iii) supplies made to a tourist referred to in section 15.	<b>Section 8(2):</b> Subject to the provisions of <b>section 12</b> , supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply: Provided that the intra-State supply of services shall not include supply of services to or by a Special Economic Zone developer or a Special Economic Zone unit.
<b>Explanation 1.</b> —For the purposes of this Act, where a person has, — (i) an establishment in India and any other establishment outside India; (ii) an establishment in a State or Union territory and any other establishment outside that State or Union territory; or (iii) an establishment in a State or Union territory and any other establishment being a business vertical registered within that State or Union territory, then such establishments shall be treated as establishments of distinct persons. <b>Explanation 2.</b> —A person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory.	

**Section 9 of the IGST Act, 2017: Supplies in territorial waters.**

- (a) where the location of the supplier is in the territorial waters, the location of such supplier; or  
 (b) where the place of supply is in the territorial waters, the place of supply,  
 shall, for the purposes of this Act, be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located.

**Simplified approach:**

While determining the levy of taxes based on Place of Supply, two things are considered namely:

1. **Location of Supplier:** It is the registered place of business of the supplier.
2. **Place of Supply:** It is the registered place of business of the recipient

*Example 1:* X Ltd. is a supplier of craft products, having the registered office in Chennai, Tamil Nadu. It supplies goods to schools in Madurai, Tamil Nadu. Since, the location of supplier as well as the place of supply is in the same State i.e. Tamil Nadu, it will be counted as 'Intra-State Supply of Goods' and hence SGST & CGST will be levied.

*Example 2:* X Ltd., located in Mumbai, Maharashtra receives order from M/s Y Ltd. located in Ahmedabad, Gujarat for supply of one machine.

Find the place of supply and applicable GST?

Answer:

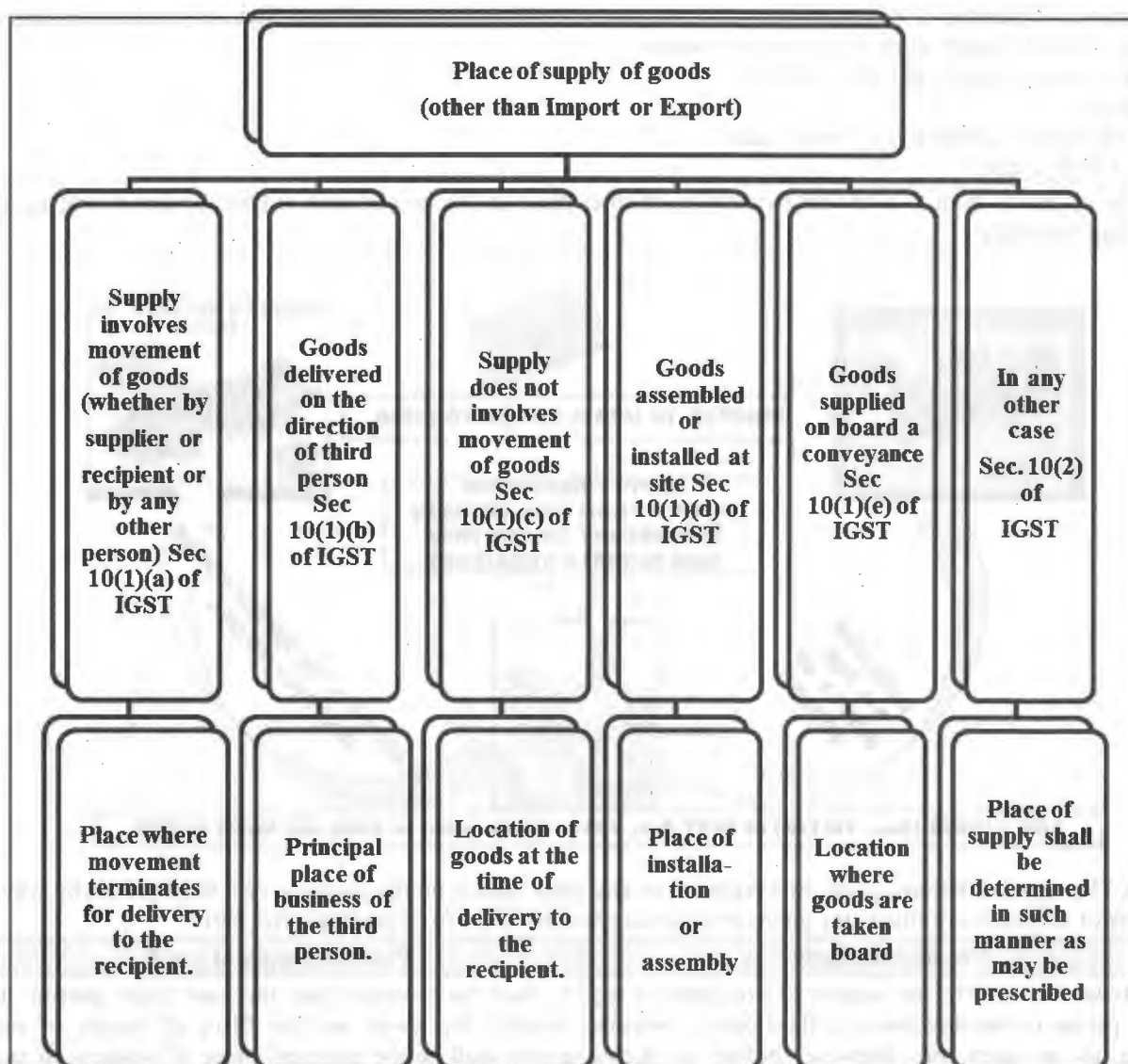
1. **Location of Supplier:** Mumbai (Maharashtra).
2. **Place of Supply:** Ahmedabad (Gujarat)

Since the movement of goods terminate at Ahmedabad.

Applicable GST = IGST

### 14.1 Place of supply of Goods

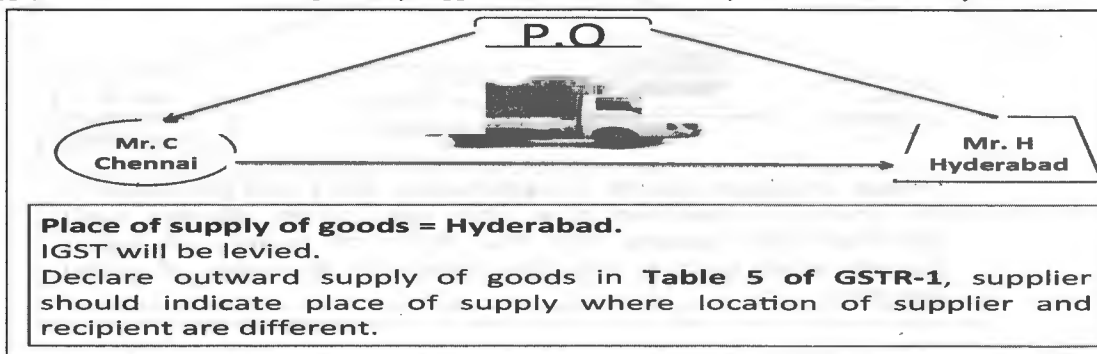
As per section 10 of the IGST Act, 2017 Place of Supply of goods other than supply of goods imported into, or exported from India, shall be as under:



#### 14.1.1 Supply involves movement of goods [Section 10(1)(a) of the IGST Act, 2017]

Nature of supply	Place of supply of goods
Supply involves movement of goods whether by supplier or recipient or by any other person:	Location of the goods at the time at which the movement of goods terminates for delivery to the recipient.

**Example 1:** Mr. C of Chennai received purchase order from Mr. H of Hyderabad for want of commercial goods. Now supply involves movement of goods by supplier from Chennai to Hyderabad in a truck by road.



**Example 2:** R Limited of Rajasthan sells 100 cell phones to Shah Traders in Tamil Nadu. R Limited delivers the product to Shah Traders in its warehouse in Chennai.

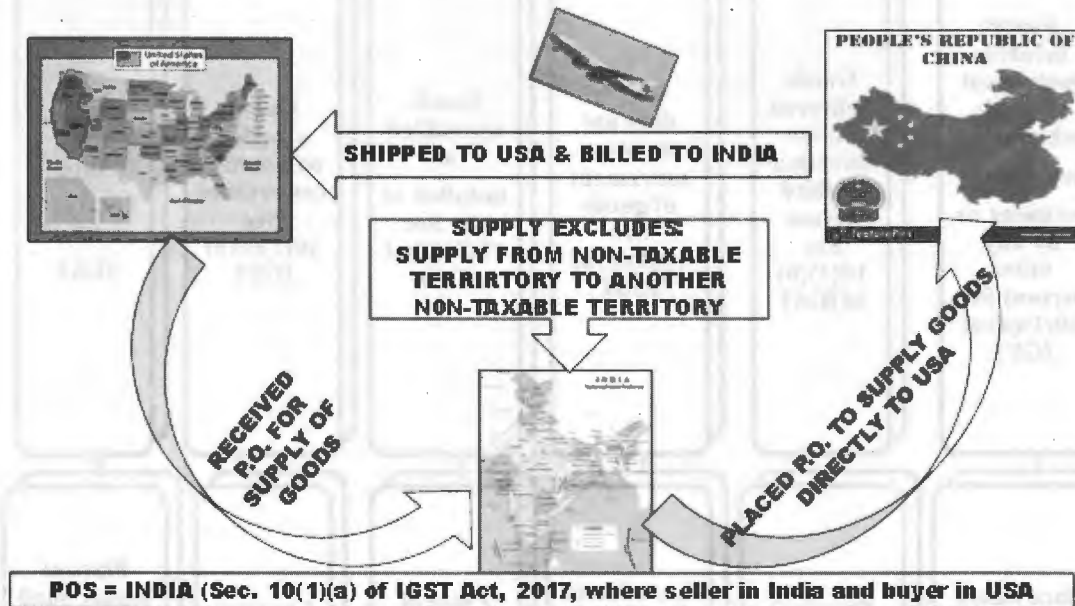
Find the place of supply and levy of GST?

**Answer:**

Place of supply = Chennai (i.e. Tamil Nadu)

IGST will be levied.

supply of goods from non-taxable territory to another place in the non-taxable territory without such goods entering into India:

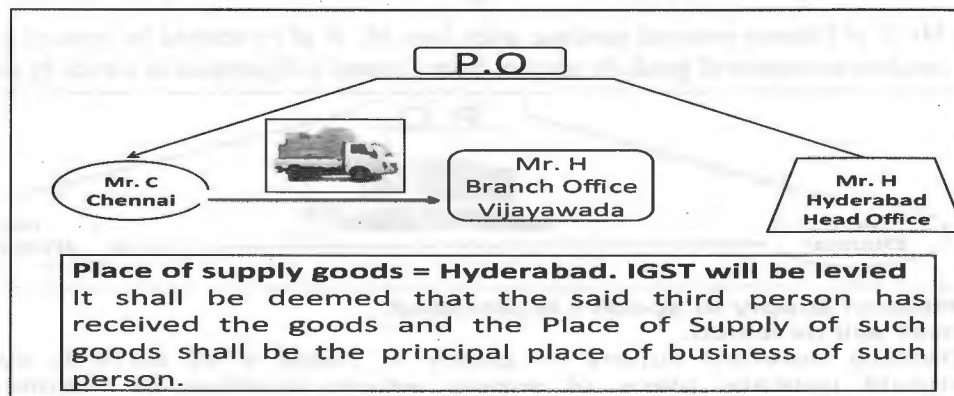


**14.1.2** The supplier delivers goods to a recipient or any other person on the direction of a third person by way of transfer of documents of title to the goods or otherwise Section 10(1)(b) of the IGST Act, 2017:

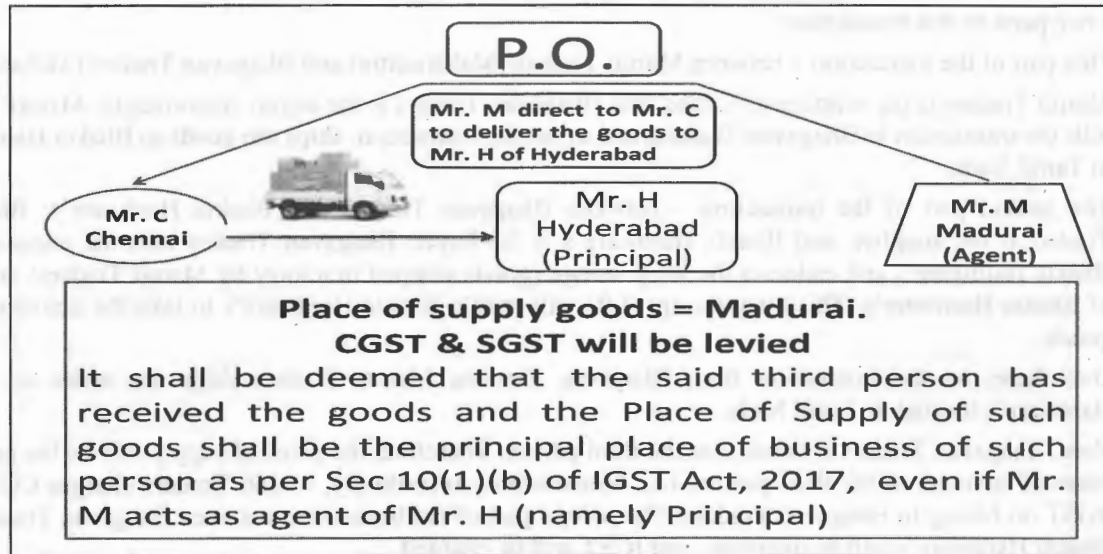
Nature of supply	Place of supply of goods
Goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods by way of transfer of documents of title to the goods or otherwise.	It shall 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.

**Example 1:** Mr. C of Chennai received purchase order from Mr. H of Hyderabad for want of commercial goods. Now supply involves movement of goods by supplier from Chennai to Hyderabad by road in a truck.

Upon the direction of Mr. H of Hyderabad these goods are redirect to Branch office of Mr. H located in Vijayawada by way of transfer of documents of title to the goods (i.e. Lorry Receipt or LR copy).

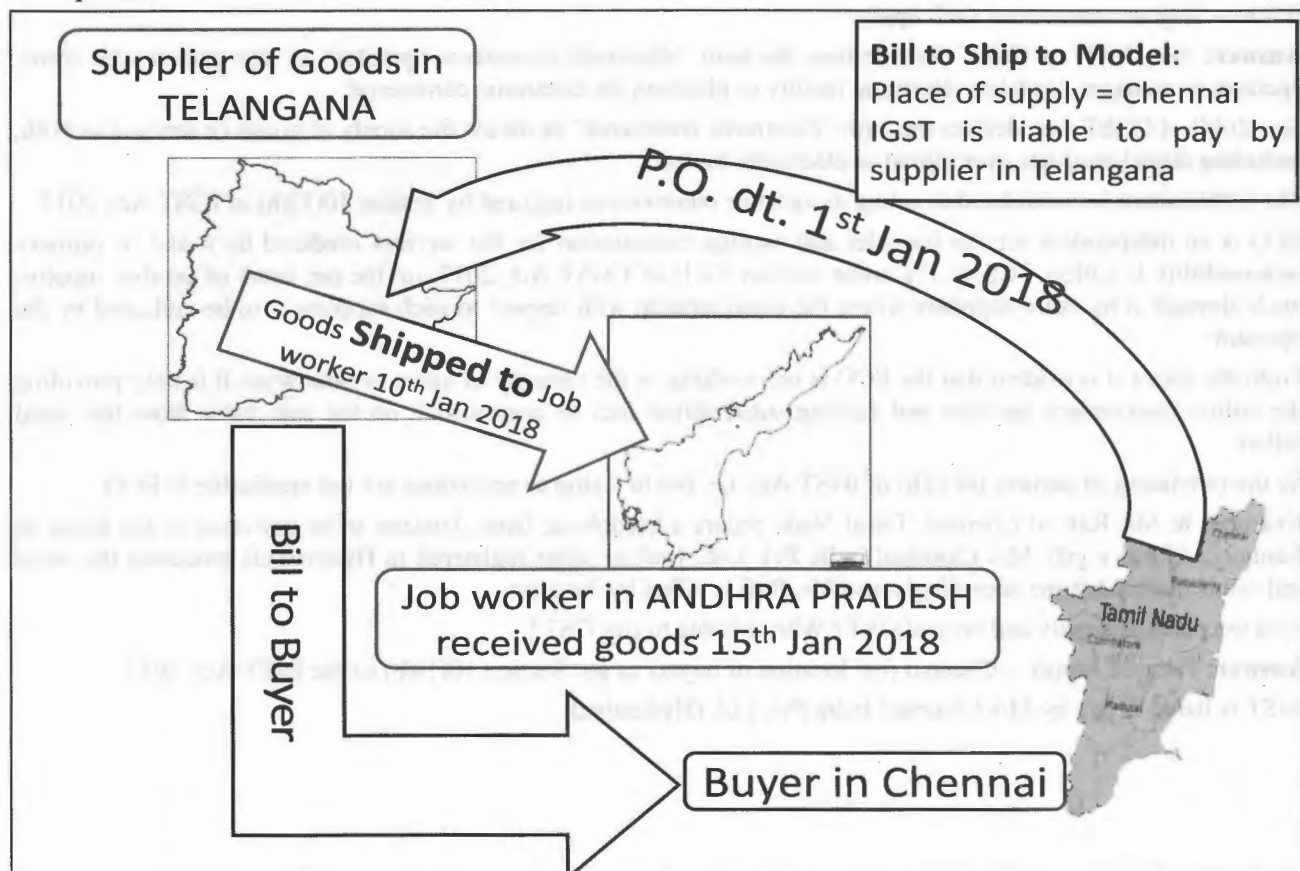


**Example 2:** Supplier delivers goods to a Principal on the direction of an Agent.



**Bill to Ship to Model:**

**Example 3:**



**Example 4:** Maruti Traders, a dealer in furniture, located in Maharashtra, receives an order from Bhagavan Traders, also located in Maharashtra. The order is for the supply of 250 Tables, with an instruction to ship the Tables to Bhakta Hardware's, located in Tamil Nadu. Bhakta Hardware's is a customer of Bhagavan Traders.

Find the place of supply and levy of GST in the hands of Maruti Traders as well as Bhagavan Traders?



**Answer:**

There are two parts to this transaction:

- First part of the transaction – between Maruti Traders (Maharashtra) and Bhagavan Traders (Maharashtra): Maruti Traders is the supplier of Tables, and Bhagavan Traders is the buyer. Accordingly, Maruti Traders bills the transaction to Bhagavan Traders, and as per the instruction, ships the goods to Bhakta Hardware's in Tamil Nadu.
- The second part of the transaction – between Bhagavan Traders and Bhakta Hardware's; Bhagavan Traders is the supplier, and Bhakta Hardware's is the buyer. Bhagavan Traders bills the transaction to Bhakta Hardware's and endorses the lorry receipt (goods shipped in a lorry by Maruti Traders) in favour of Bhakta Hardware's. This lorry receipt (LR) will enable Bhakta Hardware's to take the delivery of the goods.

Over here, on the instruction from Bhagavan Traders, Maruti Traders ships the tables to Bhakta Hardware's located in Tamil Nadu.

Here, Bhagavan Traders is deemed as the third person. Therefore, the place of supply will be the principal place of business of the third person, i.e., Maharashtra. Accordingly, Maruti Traders charges CGST and SGST on billing to Bhagavan Traders. The second part of the transaction between Bhagavan Traders and Bhakta Hardware's will be interstate, and IGST will be charged.

**Example 5:** Whether E-commerce operator (ECO) like **FILPKART, AMAZON, SNAPDEAL** is to be considered as agent of the manufacture/trader & provisions of section 10(1)(b) of IGST Act, 2017 as applicable to Bill to – Ship to transactions shall apply?

**Answer:** Sec. 2(45) of CGST Act, defines the term “electronic commerce operator” as any person who owns, operates or manages digital or electronic facility or platform for electronic commerce;

Sec. 2(44) of CGST Act, defines the term “Electronic commerce” as means the supply of goods or services or both, including digital products over digital or electronic network.

The ECO cannot be considered to acting as agent or otherwise as required by section 10(1)(b) of IGST Act, 2017.

ECO is an independent service provider and earning commission for the services rendered by it and its primary responsibility is collect TCS @ 1% under section 52(1) of CGST Act, 2017, on the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator.

From the above it is evident that the ECO is not working in the capacity of agent or otherwise. It is only providing the online marketplace services and earning subscription fees or commission on the sale value from the listed sellers.

So the provisions of section 10(1)(b) of IGST Act, i.e. bill to – ship to provisions are not applicable to ECO.

**Example 6:** Mr. Rafi of Chennai, Tamil Nadu orders a headphone from Amazon to be delivered to his father in Kanigiri (AP) as a gift. M/s Clouddtail India Pvt. Ltd., (online seller registered in Hyderabad) processes the order and sends the headphone accordingly and Mr. Rafi is billed by Amazon.

Find the place of supply and levy of GST? Who is liable to pay GST?

**Answer:** Place of supply = Chennai (i.e. location of buyer) as per Section 10(1)(b) of the IGST Act, 2017.

IGST is liable to pay by M/s Clouddtail India Pvt. Ltd. (Hyderabad).




**Tax Invoice/Bill of Supply/Cash Memo**  
**(Original for Recipient)**

Signature Not Verified

Digitally signed by DS CLOUDTAIL INDIA PRIVATE LIMITED 1

Date: 2018.01.19 14:33:10 UTC

Reason: Invoice

**Sold By:**

Cloudtail India Private Limited  
 GMR Airport City, Survey No. 99/1, Mamidipally  
 Village, Shamshabad  
 Hyderabad, Telangana, 500108  
 IN

**Billing Address:**

Rafi  
 1 Nafiya Enclave B block Ground floor,  
 Dandeshwaram 2nd Main road  
 CHENNAI, TAMIL NADU, 600042  
 IN

**PAN No:** AAQCS4259Q**GST Registration No:** 36AAQCS4259Q1ZB**Shipping Address:**

Rafi

S/o Ahamed Basha  
 No. 42, Kanigiri, Andhra Pradesh

**Order Number:** 405-9012962-2694717**Order Date:** 19.01.2018**Invoice Number:** HYD8-6806104**Invoice Details:** TG-HYD8-1004-1718**Invoice Date:** 19.01.2018

Sl. No	Description	Unit Price	Discount	Quantity	Net Amount	Tax Rate	Tax Type	Tax Amount	Total Amount
1	Sennheiser CX 275 S In-Ear Universal Mobile Headphone With Mic (Black) I B008V6T1IW ( B008V6T1IW ) HSN8518	₹1,228.81	₹0.00	1	₹1,228.81	18%	IGST	₹221.19	₹1,450.00
	Shipping Charges	₹42.37	-₹42.37		₹0.00	18%	IGST	₹0.00	₹0.00
<b>TOTAL:</b>								₹221.19	₹1,450.00

**Amount in Words:****One Thousand Four Hundred And Fifty only****For Cloudtail India Private Limited:****Authorized Signatory**

**Example 7:** M/s H Ltd., holding company incorporated in Hyderabad, Telangana for facilitating the sale of finished product of another Company M/s S Ltd. subsidiary of H Ltd. M/s S Ltd incorporated in Chennai.

Sale Agreement provides that H Ltd. will be responsible for evacuation of 100% products and by-products of S Ltd., for a marketing commission @5% on net sales value. S Ltd., will pack the material in standard bags as per the industry norms and will also get the bags printed as "Marketed by H Ltd." along with H Ltd logo & with other printing such as "Manufactured by S Ltd." along with S Ltd., logo.

M/s S Ltd is directly supplying the goods to the ultimate customers who are located in the State of Tamil Nadu on behalf of M/s H Ltd.

Whether the aforesaid agreement will attract taxability & modality of invoicing will attract the scope of section 10(1)(b) of IGST Act, 2017 (i.e. bill to and ship model as goods are moving to customer as per directions for H Ltd.)?

**Answer:** the provision under section 10(1)(b) of the IGST Act, 2017 has been made to avoid two times movement of goods, first from S Ltd., to H Ltd., and then second time from H Ltd., to the ultimate customer.

The given scenario is covered under bill to ship model.

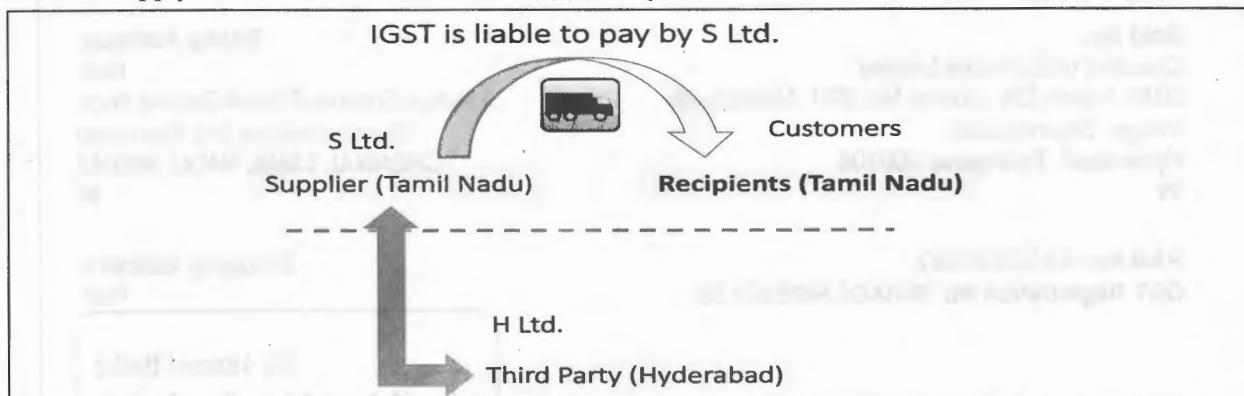
M/s S Ltd., and M/s H Ltd., are registered in different States, then IGST will be payable by M/s S Ltd., while directly supplying the goods to ultimate customer who may be located within the same State as that of M/s S Ltd.

M/s S Ltd. will issue bill in the name of M/s H Ltd., and goods ship to customers.

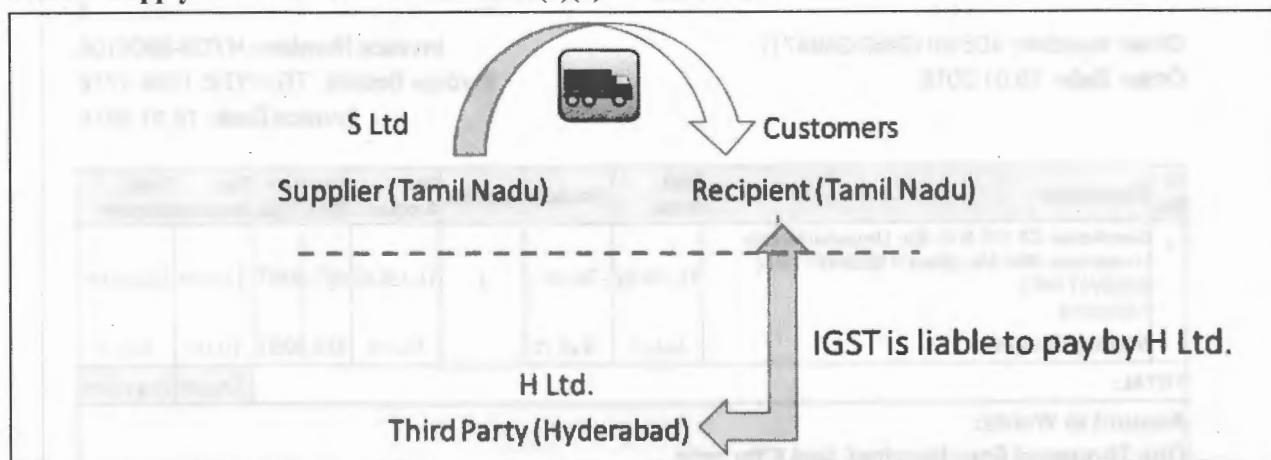
M/s H Ltd., will issue bill in the name of individual customers, then IGST will be payable by M/s H Ltd.

#### Summary:

**Place of Supply of 'Goods' for S Ltd. Sec. 10(1)(b) = Hyderabad**



**Place of Supply of 'Goods' for H Ltd. Sec. 10(1)(a) = Tamil Nadu**



**Example 8:** Chandana Traders in Karnataka receives an order from M/s A Inc. in USA to deliver 100 cell phones at Odia Dealers in Karnataka. On application of section 10(1)(b) place of supply will be USA. The question arises will this transaction be taxed even if the place of supply is USA?

**Answer:** There will be two parts to this transaction as well:

- (a) Between Chandana Traders of Karnataka and M/s A Inc. of USA.
- (b) Between M/s A Inc. of USA and Odia Dealers in Karnataka.

**(a) Between Chandana Traders of Karnataka and M/s A Inc. of USA:**

Transaction between Chandana Traders of Karnataka and M/s A Inc. of USA will be considered as Export? As per section 16 of the IGST Act, 2017, export of goods is a "Zero Rated Supply" and tax need not be levied on the same.

As per section 2(5) of the IGST Act, 2017, "export of goods" means taking goods out of India to a place outside India. In our case, as goods are not moving out of India hence it cannot be termed as exports.

Section 7(5)(a) of the IGST Act, 2017 states that supply of goods or services or both when the supplier is located in India and the place of supply is outside India shall be treated to be a supply of goods or services or both in the course of inter-state trade or commerce.

Above section applies to the present case, supplier (Chandana Traders) is located in India and place of supply (USA) is outside India as per Sec. 10(1)(b) of the IGST Act, 2017. Hence, the transaction between Chandana Traders of Karnataka and M/s A Inc. of USA will be considered as an inter-state supply, and IGST shall be levied on it.

**(b) Between M/s A Inc. of USA and Odiar Dealers in Karnataka:**

The transaction between M/s A Inc. of USA and Odiar Dealers in Karnataka cannot be considered as the import of goods. According to Section 2(10) of the IGST Act, 2017 “import of goods” means bringing goods into India from a place outside India.

This transaction will be covered under section 7(5)(c) which states that supply of goods or services or both in the taxable territory, not being an intra-state supply and not covered elsewhere in section 7 shall be treated to be a supply of goods or services or both in the course of inter-state trade or commerce.

In the present case, the supply of goods is in the taxable territory (Karnataka), it is not an intra-state supply as a supplier (M/s A Inc. of USA) is located outside the taxable territory and such a situation is not covered elsewhere in section 7. Hence, transaction between M/s A Inc. of USA and Odiar Dealers in Karnataka is also an Inter-state transaction and IGST will have to be paid by Odiar Dealers under reverse charge mechanism (Section 5(4) of the IGST Act, 2017).

Note: Sec. 5(4) of the IGST Act, 2017 suspended.

**14.1.3 Supply does not involve movement of goods [Section 10(1)(c) of the IGST Act, 2017]**

Nature of supply	Place of supply of goods
Where the supply does not involve movement of goods, whether by the supplier or the recipient.	Location of such goods at the time of the delivery to the recipient (This place of supply is irrespective of the location of the buyer and seller)

**Example:** A and B both located in Kerala. B comes to shop of A. A delivered goods to B. What is the place of supply of goods. Which levy will attract?

**Answer:** Place of supply goods = Kerala.

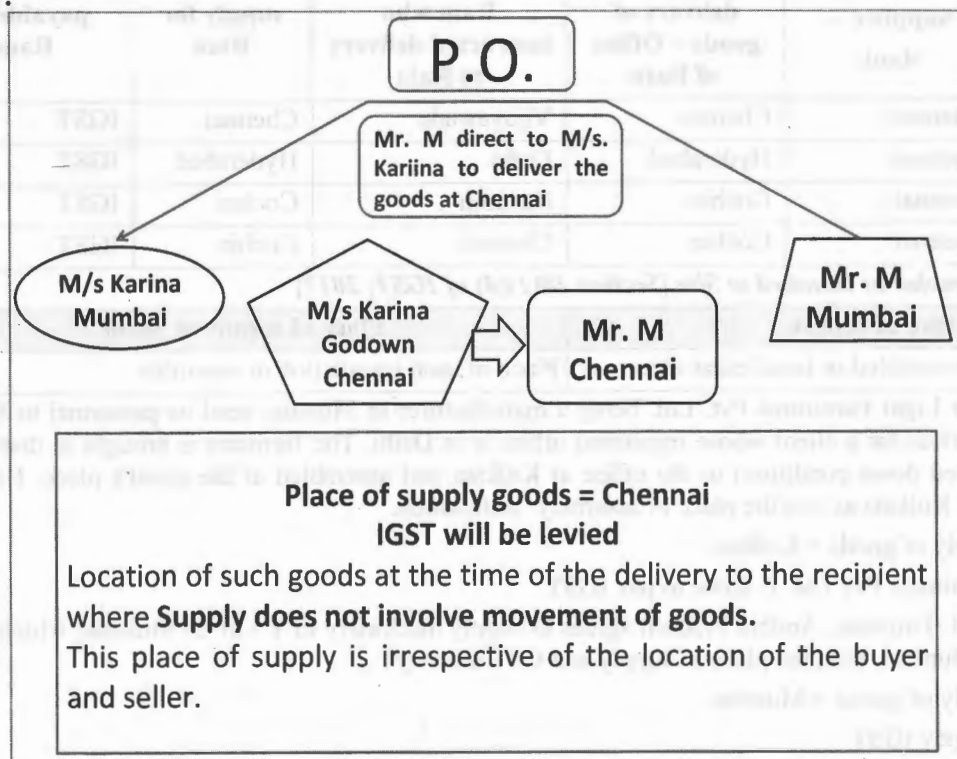
CGST & SGST will be levied

Location of such goods at the time of the delivery to the recipient.

This is irrespective of the location of the buyer and seller.

**Example 2:** M/s Karina Ltd. incorporated in Mumbai and own a godown in Chennai. Mr. M of Mumbai approached M/s Karina Ltd. of Mumbai for purchase of goods lying in godown at Chennai. Mr M further informs that he does not want delivery of goods in Mumbai. M/s Karina Ltd. issues invoice for sale of goods in Mumbai. Find the place of supply of goods and levy of tax?

**Answer:**



**Example 3:** M/s X Ltd has place of business in Chennai, being an NBFC given an asset under financial lease to M/s ABC Ltd. of Chennai. The said asset so far used by M/s ABC Ltd in their factory located at Hyderabad. At the end of lease period the said asset acquired by M/s ABC Ltd. at a nominal amount. Find the place of supply of goods and levy of GST.

**Answer:** Place of supply of goods = Hyderabad.

IGST will be levied.

Since, there is no movement of goods from one place to another, provisions of section 10(1)(c) of IGST applicable.

**Example 4:** Supply from the supplier of goods (Rani) to the person to whom the goods are delivered (Raja) on the instruction of a third person (Ram). In the given case there are two supplies:

1. Rani supplied goods to Raja on the instruction of Ram (Sec. 10(1)(b)).
2. Ram supplied goods to Raja without movement of goods (Sec. 10(1)(a)).

Step 1: Place of supply shall be the principal place of business of the person on whose instruction goods are delivered to the receiver of goods Sec. 10(1)(b):

Case	Location of Supplier – Rani	Place of delivery of goods – Office of Raja	Principal place of Ram who instructed delivery to Raja	Place of supply for Rani	Type of tax payable by Rani
1	Chennai	Chennai	Vijayawada	Vijayawada	IGST
2	Chennai	Hyderabad	Delhi	Delhi	IGST
3	Chennai	Cochin	Kashmir	Kashmir	IGST
4	Chennai	Cochin	Chennai	Chennai	CGST & SGST

Step 2: Deemed supply of goods by the person on whose instruction (Ram) the goods were delivered by the original supplier (Rani) to the receiver of goods (Raja) – Place of supply shall be the location of the goods at the time of delivery to the recipient Sec. 10(1)(a):

Case	Location of Supplier – Rani	Place of delivery of goods – Office of Raja	Principal place of Ram who instructed delivery to Raja	Place of supply for Ram	Type of tax payable by Ram
1	Chennai	Chennai	Vijayawada	Chennai	IGST
2	Chennai	Hyderabad	Delhi	Hyderabad	IGST
3	Chennai	Cochin	Kashmir	Cochin	IGST
4	Chennai	Cochin	Chennai	Cochin	IGST

#### 14.1.4 Goods are assembled or installed at Site [Section 10(1)(d) of IGST, 2017]

Nature of supply	Place of supply of goods
Where the goods are assembled or installed at site.	Place of such installation or assembly

**Example:** M/s Feather Light Furnitures Pvt. Ltd. being a manufacturer in Mumbai send its personnel to Kolkata for setting up a new office for a client whose registered office is in Delhi. The furniture is brought in dismantled form (i.e. Fully knocked down condition) to the office at Kolkata and assembled at the client's place. Here, the place of supply will be Kolkata as it is the place of assembly/ installation.

**Answer:** Place of supply of goods = Kolkata

M/s Feather Light Furnitures Pvt. Ltd. is liable to pay IGST.

**Example 2:** M/s X Ltd. Tirupathi, Andhra Pradesh agrees to supply machinery to Y Ltd. of Mumbai, which would be installed at site in Mumbai. Find the place of supply and GST liability?

**Answer:** Place of supply of goods = Mumbai

M/s X Ltd. is liable to pay IGST.

**Example 3:**

Location of the supplier	Location of the recipient	Place of assembly or installation at site	Place of supply	GST liability
Delhi	Haryana	Punjab	Punjab	IGST
Andhra Pradesh	Telangana	Andhra Pradesh	Andhra Pradesh	CGST & SGST
Cochin	Cochin	Bengaluru	Bengaluru	IGST

**14.1.5 Goods are supplied on board a conveyance [Section 10(1)(e) of IGST Act, 2017]:**

Nature of supply	Place of supply of goods
Where the goods are supplied on board a conveyance including a vessel, an aircraft, a train or a motor vehicle.	Location at which such goods are taken on board.

**Example 1:** Chennai express train going from Chennai to Cochin, M/s X Ltd. located in Cochin has supplied the food which are given to passengers during night time. The food packets are loaded at Chennai Central Station, Chennai.

Find the place of supply of goods and levy of GST?

Answer: Place of supply of goods = Chennai

M/s X Ltd. is liable to pay IGST.

**Example 2:** Mr. C of Chennai supplied goods to M/s Spice Jet Airlines of Chennai flying between Delhi-Mumbai. The goods are loaded in the aircraft in Delhi. Find the place of supply of goods and levy of tax?

Answer: Place of supply of goods = Delhi

Mr. C of Chennai is liable to pay IGST.

**14.1.6 Place of Supply of goods cannot be determined [Section 10(2) of the IGST Act, 2017]**

Nature of supply	Place of supply of goods
Any thing not covered under sub-section (a) to (e) of Section 10(1) of the IGST Act, 2017	Determined in such manner as may be prescribed (i.e. as recommended by GST Council)

**14.1.7 Place of supply of goods imported into or exported from India [Section 11 of the IGST Act, 2017]**

Nature of supply	Place of supply of goods
Import into India	Location of the importer
Export from India	Location outside India

**Example 1:** Mr. M of Mumbai imports goods from Mr. G of Germany.

Find the place of supply and levy of GST?

Answer: Place of supply = Mumbai (i.e. location of importer)

**Example 2:** Mr. C of Chennai exports goods to Mr. A Inc. of USA.

Answer: Place of supply = USA

**14.1.8 Intra-State supply of Goods [Section 8 of the IGST Act, 2017]:**

Section 8(1) of the IGST Act, 2017 reads as follows: Subject to the provisions of section 10 of the IGST Act, 2017, supply of goods where the location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply:

Provided that the following supply of goods shall not be treated as intra-State supply, namely:—

- (i) supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit;
- (ii) goods imported into the territory of India till they cross the customs frontiers of India; or
- (iii) supplies made to a tourist referred to in section 15.

As per explanation to section 15 of the IGST Act, 2017 Tourist means a person not normally resident in India, who enters India for a stay of not more than 6 months for legitimate non-immigrant purposes.

Section 8(2) of the IGST Act, 2017 reads as follows: Subject to the provisions of section 12 of IGST Act, 2017, supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply:



Provided that the intra-State supply of services shall not include supply of services to or by a Special Economic Zone developer or a Special Economic Zone unit.

**Explanation 1.**—For the purposes of this Act, where a person has,—

- (i) an establishment in India and any other establishment outside India;
- (ii) an establishment in a State or Union territory and any other establishment outside that State or Union territory; or
- (iii) an establishment in a State or Union territory and any other establishment being a business vertical registered within that State or Union territory,

then such establishments shall be treated as establishments of distinct persons.

**Explanation 2.**—A person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory.

**Example:** M/s Rajini & Sons is registered in the State of Kerala and is a supplier of repair and maintenance services of generator. The foregoing firm has supplied repair and maintenance services to M/s Sha Ltd., which is a SEZ unit in Kerala. The aforesaid supply shall be an inter-State supply and shall be subject to IGST even though both the units are located in the State of Kerala.

**Answer:** Supply of services by a SEZ unit to the recipient of service shall be treated to be a supply of service in the course of inter-State trade or commerce even if both are located in the same State.

It is important to note Section 16 of the IGST Act, supplies to SEZ unit is treated as zero rated supply.

### Conclusion: IGST – Levy

#### IGST – Levy on supply of good:

Supply of goods in the course of inter-State trade or commerce means any supply where:

- the location of the supplier and
- the place of supply is in different States

#### Deemed Inter State Supply:

- A supply of goods and/or services in the course of import
- An export of goods and/or services

### 14.2 The Place of Supply of Services where location of supplier and recipient is in India [Section 12 of IGST Act, 2017]

To know the Place of Supply for Services the following two concepts are very important (Section 12(1) of the IGST Act, 2017):

1. Location of the recipient of services.
2. Location of the supplier of services

#### 14.2.1 Location of the recipient of services:

Section 2(14) of IGST Act, the definition of location of recipient of service divided into 4 sub clauses:

Recipient of service	Location of the recipient of service
(a) Services received at place of business where registration is obtained.	Location of such place of business
(b) Services received at fixed establishment	Location of such fixed establishment
(c) Services received at more than one establishment	The location of establishment most directly concerned with the receipt of the supply
(d) Services received at other than above.	The location of the usual place of residence of the recipient.

#### 14.2.2 Location of the Supplier of service

Section 2(15) of IGST Act, the definition of location of supplier of service divided into 4 sub clauses:

Supplier of service	Location of the supplier of service
(a) Supply is made from a place of business where registration is obtained.	Location of such place of business
(b) Supply is made from a fixed establishment	Location of such fixed establishment

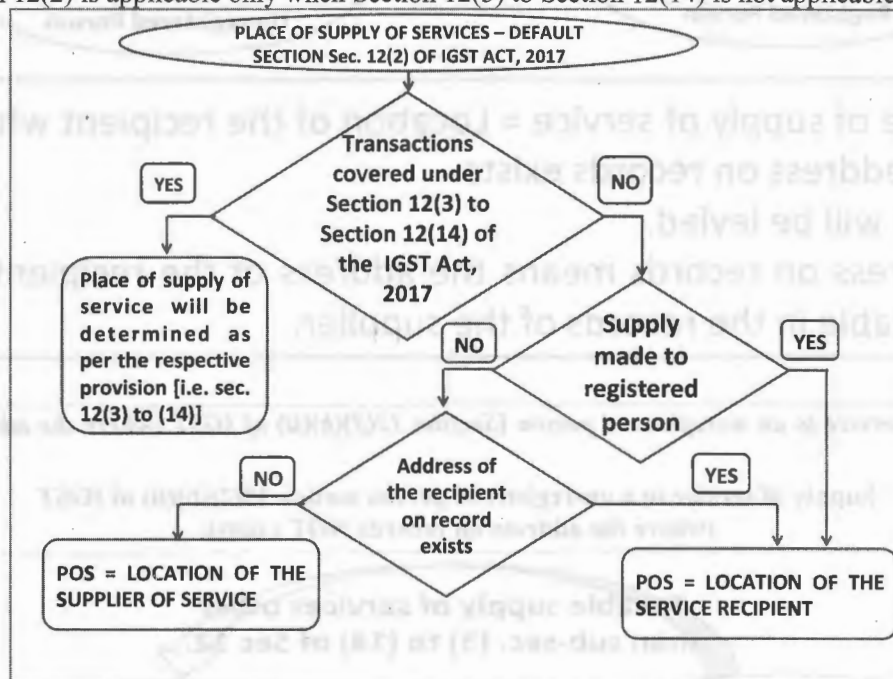
Supplier of service	Location of the supplier of service
(c) Supply is made from more than one establishment	The location of establishment most directly concerned with the provision of the supply
(d) Services supplied at other than above.	The location of the usual place of residence of the supplier.

**Example:** M/s X Ltd. has entered into agreement with M/s Y Ltd to maintain air conditioners. M/s. X Ltd has air conditioners located in Telangana, Andhra Pradesh and Tamil Nadu. M/s Y Ltd. has appointed sub-contractors for the purpose of providing the services of maintenance of air conditioners installed in Telangana, Andhra Pradesh and Tamil Nadu. The maintenance and repair work undertaken by the sub-contractor. Who is a supplier of service in the given case.

**Answer:** Supplier of service is M/s Y Ltd., even though the services are actually provided by the sub-contractors on behalf of M/s Y Ltd.

#### 14.2.3 Place of supply of services — Default Section

It means, Section 12(2) is applicable only when Section 12(3) to Section 12(14) is not applicable.



#### 14.2.4 Supply of service to a registered person [Section 12(2)(a) of IGST]

### Supply of service to a registered person Sec. 12(2)(a) of IGST:

**Taxable supply of services other  
than sub-sec. (3) to (14) of Sec 12.**

Mr. C  
Chennai  
Registered  
Person

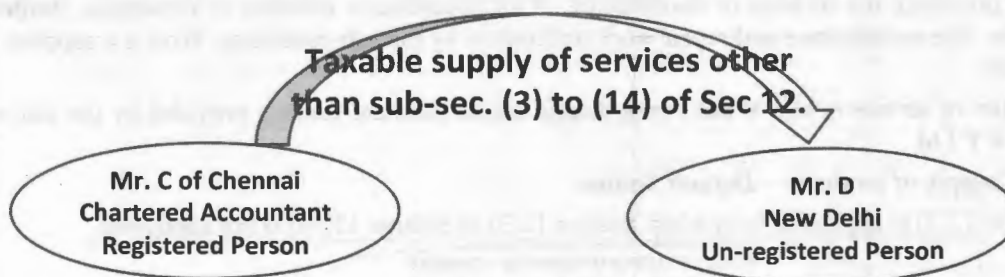
Mr. D  
New Delhi  
Registered  
Person

Place of supply of service = Location of recipient of  
service (i.e. New Delhi).  
levy of Tax = IGST will be levied



**14.2.5 Supply of service to an unregistered person [Section 12(2)(b)(i) of IGST (where the address on records exists)]**

**Supply of service to a un-registered person Sec. 12(2)(b)(i) of IGST (where the address on records exists):**



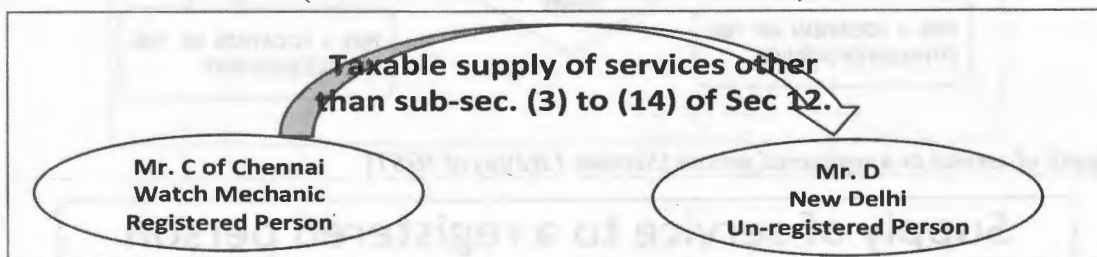
Place of supply of service = Location of the recipient where the address on records exists.

IGST will be levied.

Address on records means the address of the recipient as available in the records of the supplier.

**14.2.6 Supply of service to an unregistered person [Section 12(2)(b)(ii) of IGST (where the address on records NOT exists)]**

**Supply of service to a un-registered person section 12(2)(b)(ii) of IGST (where the address on records NOT exists):**



**Place of supply of service = Chennai**

**CGST & SGST will be levied.**

**MCQ.** Lucky Singh, a resident of Noida, U.P., went to Himachal Pradesh for a family vacation via Delhi-Chandigarh-Himachal Pradesh in his own car. After entering Chandigarh, his car broke down due to some technical issue. He called 'ONROARDS' - an emergency roadside car assistance company (registered under GST in Delhi) to repair the car. The car was repaired by the staff of 'ONROARDS'. The value of supply amounted to ₹50,000 (being labour charges ₹40,000 and spares ₹10,000). The bill was supposed to be generated online through the server, but due to some technical issue, it was not so generated.

Determine the place of supply in the given case.

- (a) Delhi
- (b) Chandigarh
- (c) Noida, U.P
- (d) Himachal Pradesh

Answer: (a)

**14.2.7 Place of supply of services directly in relation to an immovable property [Section 12(3)(a) of IGST Act, 2017]**

S. No.	Nature of service		Place of supply of service
1	Architects	Any services ancillary to these services Section 12(3)(d)	Immovable property located or intended to be located India: • Location of Immovable property Outside India: • Location of the recipient.
2	Interior decorator		
3	Surveyors		
4	Engineers and other related exports or estate agents		
5	Any service provided by way of grant of rights to use immovable property		
6	for carrying out or co-ordination of construction work		

**Example:** Mr. X located in Chennai engaged the services of Mr. Y an Architect in Chennai. Mr. X requests him to make design of residential complex to be constructed in Cochin, Kerala. Mr. Y provided drawing and design services in relation to immovable property located at Cochin.

Find the place of supply of service and levy of tax?

**Answer:** Place of supply of service = location or intended to be locate the property (i.e. Cochin)

IGST is liable to pay by Mr. Y

**14.2.8 Place of supply of services by way of lodging accommodation by a [Section 12(3)(b) of IGST Act, 2017]**

S.No.	Nature of service		Place of supply of service
1	Hotel	any services ancillary to these services Section 12(3)(d)	Property located or intended to be located in India: • Location of Immovable property or boat or vessel. Outside India: • Location of the recipient.
2	Inn		
3	Guest house		
4	Home stay		
5	Club or campsite by whatever name called and including a houseboat or any other vessel		

**Example:** Mr. Rohit registered person in Jaipur. He went to Kolkata and stays in a Taj hotel at Kolkata. He also availed Beauty treatment services at hotel.

Find the place of supply of service and tax liability in the hands of Taj hotel.

**Answer:** Place of supply of service = Kolkata place of supply of service is same for accommodation service by hotel as well as Beauty treatment as it is an ancillary service to the accommodation.

CGST & SGST will be levied.

**14.2.9 Place of supply of services by way of accommodation in any immovable property for organizing [Section 12(3)(c) of IGST Act, 2017]:**

S. No.	Nature of service		Place of supply of service
1	Any marriage or reception or matters related thereto,	any services ancillary to these services Section 12(3)(d)	Property located or intended to be located in India: • Location of Immovable property. Outside India: • Location of the recipient.
2	Official, social, cultural, religious or business function including services provided in relation to such function at such property		

**Explanation to Section 12(3)(a) to (d) of IGST:**

If the immovable property or boat or vessel is located in more than one State or Union Territory, the supply of service shall be treated as made in each of the respective States or Union Territories in proportion to value of services separately collected or determined in terms of the contract or agreement.

If there is no such contract or agreement, the value of service between two States or Union Territories shall be determined on reasonable basis as may be provided.

**14.2.10 Place of supply of services in relation to [Section 12(4) of IGST Act, 2017]:**

S. No.	Nature of service	Place of supply of service
1	Restaurant	Location where the services are actually performed.
2	Catering services	
3	Personal grooming	
4	Fitness services	
5	Beauty treatment services	
6	Health services including cosmetic and plastic surgery	

**Example 1:** Mr. Navab a person staying at Dubai, trained for the purpose of grooming of horse in Chennai. Find the place of supply of service?

**Answer:**

Place of supply of service = Chennai

As the horses are groomed in Chennai.

**Example 2:** M/s Cut Ltd., provider of hair cutting saloon services, located in Mumbai. Mr. M.S. Dhoni came from Jharkhand to Mumbai after appointment for haircut. The services are provided in Mumbai. Find the place of supply of service and tax liability in the hands of M/s Cut Ltd.

**Answer:** Place of supply of service = Mumbai

M/s Cut Ltd is liable to pay CGST and SGST.

**14.2.11 Place of supply of services in relation to training and performance appraisal [Section 12(3), IGST Act, 2017]:**

S. No.	Nature of service	Place of supply of service
1	Services in relation to training and performance appraisal.	Provided to a registered person: <ul style="list-style-type: none"> <li>• Location of recipient of Service</li> </ul> Provided to a un-registered person: <ul style="list-style-type: none"> <li>• Location where the services are actually performed.</li> </ul>

**Example:** Mr. A located at Kolkata provides training at Kolkata to employees of M/s Infosys Ltd, which is registered at Mumbai.

Find the place of supply of service and GST liability in the following two cases?

Case 1: Infosys is registered person under GST

Case 2: Infosys is not registered person under GST

**Answer:**

Case 1: If Infosys Ltd is a registered person

POS will be Mumbai.

Mr. A. is liable to pay IGST.

Case 2: If Infosys Ltd is not a registered than POS will be Kolkata.

Mr. A. liable to pay CGST and SGST.

**Example 2:** Rafi Academy registered person provides commercial training and coaching services to budding CA's at Chennai. Many students (who are unregistered persons) from Telangana, Andhra Pradesh, Tamil Nadu, Karnataka and Kerala came and stay in Chennai for the purpose of undergoing training in the Rafi Academy. Find the Place of supply of service?

**Answer:**

Place of supply of service = Chennai

As the training is performed in Chennai.

Rafi Academy is liable to pay CGST and SGST.

**Example 3:** X Ltd. being a registered person located in Hyderabad hires Mr. Y who is located in Chennai for appraisal performance of senior employees of their company. Mr. Y visits Hyderabad to evaluate the performance of the senior employees.

- (a) Find the Place of supply of service?  
 (b) What would be the place of supply of service if some of the selected employees and relevant papers are sent to Chennai for evaluation where X Ltd. is un-registered person.

**Answer:**

- (a) POS = Hyderabad (i.e. Location of recipient of Service, since, provided to a registered person)  
 Mr. Y is liable to pay IGST.  
 (b) POS = Chennai (i.e. Location where the services are actually performed, since, provided to un-registered person)  
 Mr. Y is liable to pay CGST and SGST.

**Example 4:** Mr. Remo (located in Mumbai) a Choreographer, being a judge appraises the performance of the participants in Dance + auditions. He went to Bengaluru to appraise the performance of dance show competition of various participants.

Find the place of supply of service.

**Answer:**

POS = Bengaluru

(i.e. where the appraisal of performance has been made, since, recipients are un-registered persons)

**14.2.12 Place of supply of services provided by way of admission to a [Section 12(6) of IGST Act, 2017]**

S. No.	Nature of service		Place of supply of service
1	Cultural	Services ancillary thereto	Where the event is actually held or where the park or such other place is located.
2	Artistic		
3	Sporting		
4	Scientific		
5	Educational		
6	Entertainment event or Amusement park or any other place.		

**Example:** Board of Control for Cricket in India located at Mumbai, sold tickets on-line for IPL match, is going to conduct at Chepauk Stadium, Chennai. However, finally match conduct at Mumbai. Find the place of supply of service of admission to sporting event?

**Answer:** POS = Mumbai

BCCI is liable to pay CGST and SGST.

**14.2.13 Place of supply of services provided by way of organization of a [Section 12(7) of IGST Act, 2017]**

S. No.	Nature of service		Place of supply of service
1	Cultural	Services ancillary thereto or assigning of sponsorship to such events.	Provided to a registered person: <ul style="list-style-type: none"><li>• Location of recipient of Service</li></ul>
2	Artistic		Provided to an un-registered person: <ul style="list-style-type: none"><li>• Location where the event is actually held and</li><li>• if the event is held outside India, the place of supply shall be the location of the recipient.</li></ul>
3	Sporting		
4	Scientific		
5	Educational		
6	Entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events		

**Explanation to Section 12(7)(a) & (b) of IGST:**

**14.2.13a** Where the event is held in more than one State or Union Territory and a consolidated amount is charged for supply of services relating to such event, the place of supply of services shall be taken as being in each of the respective States or Union Territories in proportion to the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.

**Example 1:** Mr. X an event organiser, located in Chennai received an order from M/s Taxman publications, Mumbai to conduct a book fair at Chennai. Find the Place of supply of service and GST in the following two cases:

Case 1: Taxman publications is a registered person.

Case 2: Taxman publications is a un-registered person.

**Answer:**

Case 1: Mumbai (i.e. location of recipient of service)

Mr. X of Chennai is liable to pay IGST.

Case 2: Chennai (i.e. location where the event is actually held)

Mr. X of Chennai is liable to pay CGST & SGST.

**Example 2:** Mr. Kapil Sharma, a Jalandhar based comedian, hosted a comedy show at Singapore on birthday occasion of Mumbai based actor Mr. Shah Rukh Khan's son Abram.

**Answer:** POS = Mumbai (i.e. location of service recipient).

GST = IGST is liable to pay by Mr. Kapil Sharma

**Example 3:** Mr. D of Delhi being an event organizer hosted an exhibition at Mumbai to exhibit the products of exhibitor namely, Chennai Silks, Chennai, is a registered person.

**Answer:**

POS = Chennai (i.e. location of service recipient)

IGST is liable to pay by Mr. D of Delhi

**Example 4:** Mr. C of Chennai being an event organizer hosted an exhibition at Dhaka to exhibit the products of exhibitor (namely Chennai Silks) located Chennai.

**Answer:**

POS = Chennai (i.e. location of service recipient)

GST = CGST and SGST is not liable to pay by Mr. C

*Note:* Services by an organiser to any person in respect of a business exhibition held outside India is exempted from GST (Entry No. 52).

**Example 5:**

M/s Kalyan Pvt. Ltd. is an event management company is located in Chennai. Mr. Raj located in Jaipur hires the services of M/s Kalyan Pvt. Ltd., for organizing marriage function of his son in Taj Coromandel, Chennai. Mr. Raj is not a registered person. Find the place of supply of service and GST liability?

**Answer:**

POS = Chennai

(i.e. where the event is actually held).

M/s Kalyan Pvt. Ltd. of Chennai is liable to pay CSGT & SGST.

**Example 6:** The Times Group being an event organizer located at New Delhi organized Miss India 2017 beauty pageant in India in the following Cities for M/s Femina Miss India a registered person located in Mumbai:

City	No. of Days	Fee in ₹
New Delhi	12	12 crores
Chennai	18	18 crores
Mumbai	20	20 crores
Total	50	50 crores

Find the place of supply of service if contract specifies clear details.

Find the place of supply of service if contract specifies lump sum amount of ₹48 crores.

**Answer:**

**The place of supply of service if contract specifies clear details:**

City	No. of Days	₹ in crore	Location of supplier of service	Place of supply of service = where the respective event is held.	GST
New Delhi	12	12	New Delhi	New Delhi	CGST & SGST
Chennai	18	18	New Delhi	Chennai	IGST
Mumbai	20	20	New Delhi	Mumbai	IGST
Total	50	50			

**The place of supply of service if contract specifies lump sum amount:**

City	No. of Days	₹ in crore	Location of supplier of service	Place of supply of service = where the respective event is held.	GST
New Delhi	12	11.52	New Delhi	New Delhi	CGST & SGST
Chennai	18	17.28	New Delhi	Chennai	IGST
Mumbai	20	19.20	New Delhi	Mumbai	IGST
Total	50	48.00			

**14.2.14 Place of supply of services by way of Transportation of goods including by mail or courier [Section 12(8) of IGST Act, 2017]**

S. No.	Nature of service	Place of supply of service
1	Services by way of Transportation of goods including by mail or courier	<p>Provided to a registered person:</p> <ul style="list-style-type: none"> <li>Location of recipient of Service.</li> </ul> <p>Provided to a un-registered person:</p> <ul style="list-style-type: none"> <li>Location at which such goods are handed over for their transportation.</li> </ul> <p><b>w.e.f. 1-2-2019:</b>  <i>Provided that where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.</i></p>

**Section 2(52) of CGST, Goods means:**

Every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be served before supply or under a contract of supply.

**Example 1:** M/s Navatha a transporter registered under GST, located in Vijayawada. M/s C Ltd. of Chennai registered under GST, received services from M/s Navatha for transport of goods from its warehouse in Vijayawada to Guntur. M/s Navatha delivered goods at Guntur.

Find the place of supply of service and GST? —

Whether your answer is different, if M/s C Ltd. of Chennai is not a registered person under GST?

Note: ITC availed by M/s Navatha.

**Answer: If the recipient is registered person:**

POS = Chennai (i.e. location of recipient).

M/s Navatha of Vijayawada is liable to pay IGST.

**If the recipient is not a registered person:**

POS = Vijayawada (i.e. Location at which such goods are handed over for their transportation).

M/s Navatha of Vijayawada is liable to pay CGST & SGST.

**Example 2:** M/s DHL courier registered under GST and located in Mumbai, provided transportation of documents like Cheques, promissory notes, pay orders (which cannot be considered as goods) belonging to Mr. C of Chennai, from Mumbai to Chennai.

Find the place of supply of services in the following independent cases:

- Mr. C of Chennai is a registered person under GST.
- Mr. C of Chennai is an un-registered person under GST, however his address is available in the books of M/s DHL.
- Mr. C of Chennai is an un-registered person under GST, however his address is not available in the books of M/s DHL.

**Answer:** Place of supply of services is as per section 12(2) but not under section 12(8) of IGST.

- POS = Chennai (i.e. location of recipient of service)
- POS = Chennai (i.e. location of recipient of service)
- POS = Mumbai (i.e. location of supplier of service)

Note: Cheques, promissory notes, pay orders cannot be considered as goods.

**14.2.15 Place of Supply of passenger transportation service to [Section 12(9) of IGST]**

S. No.	Nature of service	Place of supply of service
1	Passenger transportation service. Including: Rail, Mono Rail, Metro Rail, Road, Air, Vessel, boat, Cycle rickshaw, Bullock cart, Camel etc.	Provided to a registered person: • Location of recipient of Service. Provided to a un-registered person: • Place where the passenger embarks on the continuous journey.
S. No.	Nature of service	Place of supply of service [refer to Section 12(2) of IGST]
2	Right to passage is given for future use and point of embarkation is not known at the time of issue of such right	Provided to a registered person: • Location of recipient of Service. Provided to a un-registered person: • Location of recipient when address on record is available. • Location of supplier in other cases

**14.2.15a Section 2(3) of IGST Act, 2017 defines Continuous journey:**

Means a journey for which a single or more than one ticket or invoice is issued at the same time, either by a single supplier of service or through an agent acting on behalf of more than one supplier of service, and which involves **no stopover** between any of the legs of the journey for which one or more separate tickets or invoices are issued.

**Explanation:** For the purpose of this clause, the term 'stopover' means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later point of time.

**Example 1:** Mr. Ram working in Infosys Company having office in Bengaluru is registered under GST. Mr. Ram purchased the ticket from Hyderabad for transportation passenger by Air from Hyderabad to Chennai. Mr. Ram discloses the name of the organization and its registration number and the place where the organization is registered. Supplier of service is located at Hyderabad.

Find the following

- Place of supply of service and GST liability?
- Whether your answer is different if Mr. Ram is not disclosed the name of the organization and its registration number?

**Answer:**

- POS = Bengaluru (i.e. location of recipient of service)  
GST = IGST is liable to pay by Air Travel Operator
- POS = Hyderabad (i.e. Place where the passenger embarks on the continuous journey)  
GST = CGST & SGST is liable to pay by Air Travel Operator

**Example 2:** Jet Air registered under GST and located in Mumbai operates flight from Delhi-Dubai-London-Dubai-Delhi. Mr. Rafi who is unregistered person, purchase air ticket for Delhi-London. Two tickets are issued to him showing Delhi-Dubai with a halt at Dubai for 5 hours and Dubai-London.

Find the Place of supply of service and GST liability?

**Answer:** POS = Delhi (i.e. place of embark)

GST = Jet Air is liable to pay IGST for the entire value of air fare.

Note: since, it is continuous journey, place of embarking of passenger who is unregistered person is relevant.

**Example 3:** Jet Airways registered under GST and located in Mumbai operates flight from Mumbai-Delhi-Mumbai. Mr. Rafi who is unregistered person, purchase air ticket for Mumbai-Delhi-Mumbai. Only one ticket is issued to him showing both the route.

Find the Place of supply of service and GST liability?

**Answer:** POS = Mumbai (i.e. Mumbai-Delhi, place of embark is relevant)

GST = Jet Airways is liable to pay CGST & SGST.

POS = Delhi (i.e. Delhi-Mumbai, place of embark is relevant)

GST = Jet Airways is liable to pay IGST.



Note:

- (i) As per explanation, Mumbai-Delhi and Delhi-Mumbai journey will be considered two separate journeys.
- (ii) If there is stopover during the journey, the journey will not be considered as continuous journey.

#### 14.2.16 Place of Supply of service on board a conveyance [Section 12(10) of IGST]:

S. No.	Nature of service	Place of supply of service
1	Vessel	Location of the first scheduled point of departure of that conveyance for the journey.
2	Air craft	
3	Train	
4	Motor vehicle.	

**Example:** A movie on demand is provided as on board entertainment during the Delhi-Chennai leg of a Dubai-Delhi-Chennai flight.

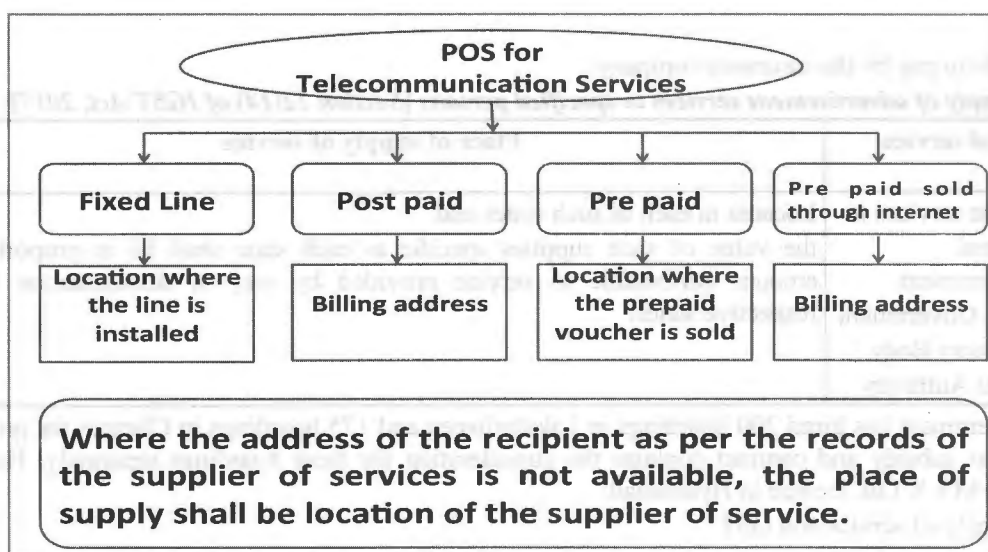
Find the place of supply of service?

Answer:

POS = Dubai (outside the taxable territory, hence not liable to GST).

#### 14.2.17 Place of supply of telecommunication services [Section 12(11) of IGST]

S. No.	Nature of service	Place of supply of service
1	including <ul style="list-style-type: none"> <li>• data transfer, broadcasting,</li> <li>• cable and</li> <li>• direct to home television services.</li> </ul>	



**Example:** M/s Air Call registered under GST and located in Chennai. M/s Air Call has appointed Mr. C as a selling agent for supplying pre-payment voucher to the subscriber. Find the Place of supply of service and GST liability?

**Answer:** POS = Chennai (i.e. Address of the selling agent on the record of M/s Air Call).

GST = CGST & SGST is liable to pay by M/s Air Call.

**14.2.18 Place of Supply of banking and NBFC service including Stock broking services [Section 12(12) of IGST]**

S. No.	Nature of service	Place of supply of service
1	Banking and NBFC service including Stock broking services	<ul style="list-style-type: none"> <li>Location of recipient of Service on the records of the supplier of service.</li> </ul> Otherwise: <ul style="list-style-type: none"> <li>Location of supplier of service.</li> </ul>

**Example 1:** Mr. Harsha being a registered stock broker at BSE, located in Mumbai. He has clients in Chennai, Kolkata, Bengaluru. He purchases and sells shares of clients located in Chennai, Kolkata, Bengaluru. Find the place of supply of service and GST liability?

**Answer:** POS = Chennai, Kolkata & Bengaluru.

GST = IGST is liable to pay by Mr. Harsha.

**14.2.19 Place of supply of insurance services [Section 12(13) of IGST]**

S. No.	Nature of service	Place of supply of service
1	Insurance services	To a registered person <ul style="list-style-type: none"> <li>Location of recipient of Service.</li> </ul> To a person other than registered person <ul style="list-style-type: none"> <li>Location of the recipient of services on the records of the supplier of service.</li> </ul>

**Example:** M/s X Ltd. has factory in Cochin, Chennai, Vijayawada and Hyderabad and office in Bengaluru. M/s X Ltd obtains insurance for the assets located in Cochin, Chennai, Vijayawada, Hyderabad and Bengaluru from insurance company located at Delhi. Premium receipt issued by the insurance company to the Bengaluru office.

Find the place of supply of service and GST liability?

**Answer:**

POS = Bengaluru

GST = IGST is liable to pay by the insurance company.

**14.2.20 Place of supply of advertisement services to specified persons [Section 12(14) of IGST Act, 2017]**

S. No.	Nature of service	Place of supply of service
1	Advertisement services to <ul style="list-style-type: none"> <li>Central Government</li> <li>State Government</li> <li>Statutory Body</li> <li>Local Authority</li> </ul>	Located in each of such states and the value of such supplies specific to each state shall be in proportion to amount attributable to service provided by way of dissemination in the respective states.

**Example:** The Government has hired 200 hoardings in Lakshadweep and 175 hoardings in Chennai for providing advertisement of Gas subsidy and contract contains the consideration for these hoardings separately. Hoarding services supplied by M/s X Ltd. located in Hyderabad.

Find the place of supply of service and GST

**Answer:**

POS = Lakshadweep & Chennai

GST = IGST is liable to pay by M/s X Ltd.

A new rule 3 has been inserted in IGST Rules to provide a mechanism to compute the proportionate value of advertisement services attributable to different States or Union territories *in the absence of any contract* between the supplier of service and recipient of services.

S. No.	Advertisement services	Basis of apportion
1	Newspapers and publications	No. of editions in each State/UT
2	Pamphlets, leaflets, diaries, calendars, T-shirts, etc.	No. of pamphlets or leaflets or diaries or calendars or T-Shirts distributed in each State/UT
3.	Hoardings other than those on trains.	No. of hoarding located in each State/UT

S. No.	Advertisement services	Basis of apportion
4.	Advertisements placed on trains	Length of the track in each State/UT where the train travelled.
5	Advertisements on the back of utility bills of oil and gas companies, etc.,	No. of consumers having billing addresses in such State/UT
6	Advertisements on railway tickets	Ratio of the number of Railway Stations in each State or Union territory
7.	Advertisements over radio stations	The release order issued by Govt. Agency will show the breakup of the amount which is to be paid to each of these radio stations.
8.	Advertisement on television channels	<p>On the basis of the viewership of such channel in such State/UT shall be calculated in the following manner, namely:-</p> <ul style="list-style-type: none"> <li>(i) the channel viewership figures for that channel for a State or Union territory shall be taken from the figures published in this regard by the Broadcast Audience Research Council;</li> <li>(ii) the figures published for the last week of a given quarter shall be used for calculating viewership for the succeeding quarter;</li> <li>(iii) where such channel viewership figures relate to a region comprising of more than one State or Union territory, the viewership figures for a State or Union territory of that region, shall be calculated by applying the ratio of the populations of that State or Union territory, as determined in the latest Census, to such viewership figures;</li> <li>(iv) the ratio of the viewership figures for each State or Union territory as so calculated, when applied to the amount payable for that service, shall represent the portion of the value attributable to the dissemination in that State or Union territory.</li> </ul> <p><i>Example:</i> Govt. Agency issues a release order with QR channel for telecasting an advertisement relating to the 'Pradhan Mantri Kaushal Vikas Yojana' in the month of November 2017. In the first phase, this will be telecast in the Union territory of Delhi, States of Uttar Pradesh, Uttarakhand, Bihar and Jharkhand.</p> <p>Let us assume it is 1,00,000 for Delhi and 2,00,000 for the region comprising of Uttar Pradesh and Uttarakhand and 1,00,000 for the region comprising of Bihar and Jharkhand.</p> <p>QR will ascertain the viewership figures for their channel in the last week of September 2017 from the Broadcast Audience Research Council.</p> <p>Let us assume that the ratio of the populations of Uttar Pradesh and Uttarakhand works out to 9:1. When this ratio is applied to the viewership figures of 2,00,000 for this region, the viewership figures for Uttar Pradesh and Uttarakhand work out to 1,80,000 and 20,000 respectively.</p> <p>Let us assume that the ratio of populations is 4:1 and when this is applied to the viewership figure of 1,00,000 for this region, the viewership figure for Bihar and Jharkhand works out to 80,000 and 20,000 respectively.</p> <p>Thus, if the total amount payable to QR by Govt. Agency is ₹20,00,000, the State-wise breakup is ₹5,00,000 (Delhi), ₹9,00,000 (Uttar Pradesh) ₹1,00,000 (Uttarakhand), ₹4,00,000 (Bihar) and ₹1,00,000 (Jharkhand). Separate invoices will have to be issued State-wise and Union territory-wise by QR to Govt. Agency indicating the value pertaining to that State or Union territory.</p>

S. No.	Advertisement services	Basis of apportion
9.	Advertisements at cinema halls	No. of cinema halls or no. of screens in a multiplex. Example: Govt. Agency commissions ST for an advertisement on 'Pradhan Mantri Awas Yojana' to be displayed in the cinema halls in Chennai and Hyderabad. The place of supply of this service is in the states of Tamil Nadu and Telangana. The amount actually paid to the cinema hall or screens in a multiplex, in Tamil Nadu and Telangana as the case may be, is the value of advertisement service in Tamil Nadu and Telangana respectively. Separate invoices will have to be issued State-wise and Union territory-wise by ST to Govt. Agency indicating the value pertaining to that State.
10.	Advertisements over internet,	On the basis of the internet subscribers in such State or Union territory
11.	Advertisements through short messaging service (SMS)	On the basis of the telecommunication (hereinafter referred to as telecom) subscribers in such State or Union territory

Example: Govt. Agency issues a release order with QR channel (located in Delhi) for telecasting an advertisement relating to the 'Pradhan Mantri Kaushal Vikas Yojana' in the month of November 2017. In the first phase, this will be telecast in the Union territory of Delhi, States of Uttar Pradesh, Uttarakhand, Bihar and Jharkhand.

Viewership figures for their channel in the last week of September 2017 from the Broadcast Audience Research Council is as follows:

Number of viewers 1,00,000 for Delhi and 2,00,000 for the region comprising of Uttar Pradesh and Uttarakhand and 1,00,000 for the region comprising of Bihar and Jharkhand.

The ratio of the populations of Uttar Pradesh and Uttarakhand is 9:1 & for Bihar and Jharkhand is 4:1.

Total amount payable to QR by Govt. Agency is ₹20,00,000.

Applicable rate of GST 18%

Find the value of supply and place of supply for each State along with CGST & SGST or IGST payable by QR for the month of November 2017.

**Answer:**

(value in ₹)

State/UT	Value of supply	Place of supply	CGST & SGST	IGST
Delhi	5,00,000	Delhi	90,000	NIL
Uttar Pradesh	9,00,000	Uttar Pradesh	NIL	1,62,000
Uttarakhand	1,00,000	Uttarakhand	NIL	18,000
Bihar	4,00,000	Bihar	NIL	72,000
Jharkhand	1,00,000	Jharkhand	NIL	18,000

**w.e.f. 1st January 2019, Integrated Goods and Services Tax (Amendment) Rules, 2018**

Central Government vide **N. No. 04/2018-Integrated Tax, dated 31st December, 2018** notified the following rules as Integrated Goods and Services Tax (Amendment) Rules, 2018:—

**1. Rule 3 in clause (h):**

The words “the service shall be deemed to have been provided all over India and” inserted after the words “in the case of advertisements over internet” to clarify that the services provided over internet is not specific to 1 or more State or Union territory and shall be deemed to be provided all over India.

**2. Insertion of Rule 4:**

The place of supply in case of the supply of services attributable to different States or Union territories, under sub section (3) of section 12 of the IGST Act, 2017 shall be:—

- Where such immovable property or boat or vessel is located in more than one State or Union territory—each of the respective States or Union territories and
- In the absence of any contract or agreement between the supplier of service and recipient of services for separately collecting or determining the value of the services in each such State or Union territory to be determined in the following manner namely:—

(i) **Services provided by way of lodging accommodation by a hotel, inn, guest house, club or campsite, by whatever name called and services ancillary to such services:**

1. Where such property is a single property located in two or more contiguous States or Union territories or both: the supply of services shall be treated as made in each of the respective States or Union territories, in proportion to the area of the immovable property lying in each State or Union territory.

*Illustration:* There is a piece of land of area 20,000 square feet which is partly in State S1 say 12,000 square feet and partly in State S2, say 8000 square feet. Site preparation work has been entrusted to T. The ratio of land in the two states works out to 12:8 or 3:2 (simplified). The place of supply is in both S1 and S2. The service shall be deemed to have been provided in the ratio of 12:8 or 3:2 (simplified) in the States S1 and S2 respectively. The value of the service shall be accordingly apportioned between the States.

2. Cases except where such property is a single property located in two or more contiguous States or Union territories or both: the supply of services shall be treated as made in each of the respective States or Union territories, in proportion to the number of nights stayed in such property.

*Illustration:* A hotel chain X charges a consolidt. sum of ₹30,000/- for stay in its two establishments in Delhi and Agra, where the stay in Delhi is for 2 nights and the stay in Agra is for 1 night. The place of supply in this case is both in the Union territory of Delhi and in the State of Uttar Pradesh and the service shall be deemed to have been provided in the Union territory of Delhi and in the State of Uttar Pradesh in the ratio 2:1 respectively. The value of services provided will thus be apportioned as ₹20,000/- in the Union territory of Delhi and ₹10,000/- in the State of Uttar Pradesh.

(ii) **All other services in relation to immovable property including services by way of accommodation in any immovable property for organising any marriage or reception etc.:** the supply of services shall be treated as made in each of the respective States or Union territories, in proportion to the area of the immovable property lying in each State or Union territory

(iii) **services provided by way of lodging accommodation by a house boat or any other vessel and services ancillary to such services:** the supply shall be treated as made in each of the respective States or Union territories, in proportion to the time spent by the boat or vessel in each such State or Union territory, determined on the basis of a declaration made to the effect by the service provider.

*Illustration 3:* A company C provides the service of 24 hours accommodation in a houseboat, which is situated both in Kerala and Karnataka inasmuch as the guests board the house boat in Kerala and stay there for 22 hours but it also moves into Karnataka for 2 hours (as declared by the service provider). The place of supply of this service is in the States of Kerala and Karnataka. The service shall be deemed to have been provided in the ratio of 22:2 or 11:1 (simplified) in the states of Kerala and Karnataka, respectively. The value of the service shall be accordingly apportioned between the States.

3. **Insertion of Rule 5:**

The place of supply in case of supply of services attributable to different States or Union territories, under subsection (7) of section 12 of the said Act, in the case of—

1. services provided by way of organisation of a cultural, artistic, sporting, scientific, educational or entertainment event, including supply of services in relation to a conference, fair exhibition, celebration or similar events; or
2. services ancillary to the organisation of any such events or assigning of sponsorship to such events,

where the services are supplied to a person other than a registered person, the event is held in India in more than one State or Union territory and a consolidated amount is charged for supply of such services, shall be taken as being in each of the respective States or Union territories, and in the absence of any contract or agreement between the supplier of service and recipient of services for separately collecting or determining the value of the services in each such State or Union territory, as the case maybe, shall be determined by application of the generally accepted accounting principles.

*Illustration:* An event management company E has to organise some promotional events in States S1 and S2 for a recipient R. 3 events are to be organised in S1 and 2 in S2. They charge a consolidt. amount of ₹10,00,000 from R. The place of supply of this service is in both the States S1 and S2. Say the proportion arrived at by the application of generally accepted accounting principles is 3:2. The service shall be deemed to have been provided in the ratio 3:2 in S1 and S2 respectively. The value of services provided will thus be apportioned as ₹6,00,000/- in S1 and ₹4,00,000/- in S2.



#### 4. Insertion of Rule 6: Supply under section 12(11) of the IGST Act

In the case of supply of services relating to a leased circuit, where the leased circuit is installed in more than one State or Union territory and a consolidated amount is charged for supply of such services, shall be taken as being in **each of the respective States or Union territories**, and in the absence of any contract or agreement between the supplier of service and recipient of services for separately collecting or determining the value of the services in each such State or Union territory, as the case may be, shall be determined in the following manner, namely:—

1. The number of points in a circuit shall be determined in the following manner:
  - (i) in the case of a circuit between two points or places, the starting point or place of the circuit and the end point or place of the circuit will invariably constitute two points;
  - (ii) any intermediate point or place in the circuit will also constitute a point provided that the benefit of the leased circuit is also available at that intermediate point;
2. the supply of services shall be treated as made in each of the respective States or Union territories, in proportion to the number of points lying in the State or Union territory.

*Illustration 1: A company T installs a leased circuit between the Delhi and Mumbai offices of a company C. The starting point of this circuit is in Delhi and the end point of the circuit is in Mumbai. Hence one point of this circuit is in Delhi and another in Maharashtra. The place of supply of this service is in the Union territory of Delhi and the State of Maharashtra. The service shall be deemed to have been provided in the ratio of 1:1 in the Union territory of Delhi and the State of Maharashtra, respectively.*

*Illustration 2: A company T installs a leased circuit between the Chennai, Bengaluru and Mysuru offices of a company C. The starting point of this circuit is in Chennai and the end point of the circuit is in Mysuru. The circuit also connects Bengaluru. Hence one point of this circuit is in Tamil Nadu and two points in Karnataka. The place of supply of this service is in the States of Tamil Nadu and Karnataka. The service shall be deemed to have been provided in the ratio of 1:2 in the States of Tamil Nadu and Karnataka, respectively.*

*Illustration 3: A company T installs a leased circuit between the Kolkata, Patna and Guwahati offices of a company C. There are 3 points in this circuit in Kolkata, Patna and Guwahati. One point each of this circuit is, therefore, in West Bengal, Bihar and Assam. The place of supply of this service is in the States of West Bengal, Bihar and Assam. The service shall be deemed to have been provided in the ratio of 1:1:1 in the States of West Bengal, Bihar and Assam, respectively.*

#### 5. Insertion of Rule 7

In the case of **services supplied in respect of goods** which are required to be made physically available by the recipient to the supplier, or to a person acting on behalf of the supplier, or in the case of **services supplied to an individual**, represented either as the recipient or a person acting on behalf of the recipient, which require the physical presence of the recipient or the person acting on his behalf, where the location of the supplier of services or the location of the recipient of services is outside India, and where such services are supplied in more than one State or Union territory,

shall be taken as being in each of the respective States or Union territories, and the proportion of value attributable to each such State and Union territory in the absence of any contract or agreement between the supplier of service and recipient of services for separately collecting or determining the value of the services in each such State or Union territory, as the case may be, shall be determined in the following manner, namely:—

1. in the case of services supplied on the same goods, by equally dividing the value of the service in each of the States and Union territories where the service is performed;
2. in the case of services supplied on different goods, by taking the ratio of the invoice value of goods in each of the States and Union territories, on which service is performed, as the ratio of the value of the service performed in each State or Union territory;
3. in the case of services supplied to individuals, by applying the generally accepted accounting principles.

*Illustration-1: A company C which is located in Kolkata is providing the services of testing of a dredging machine and the testing service on the machine is carried out in Orissa and Andhra Pradesh. The place of supply is in Orissa and Andhra Pradesh and the value of the service in Orissa and Andhra Pradesh will be ascertained by dividing the value of the service equally between these two States.*

*Illustration-2: A company C which is located in Delhi is providing the service of servicing of two cars belonging to Mr. X. One car is of manufacturer J and is located in Delhi and is serviced by its Delhi workshop. The other car is of manufacturer A and is located in Gurugram and is serviced by its Gurugram workshop. The value of service attributable to the Union Territory of Delhi and the State of Haryana respectively shall be calculated by applying the ratio of the invoice value of car J and the invoice value of car A, to the total value of the service.*

*Illustration-3: A makeup artist M has to provide make up services to an actor A. A is shooting some scenes in Mumbai and some scenes in Goa. M provides the makeup services in Mumbai and Goa. The services are provided in Maharashtra and Goa and the value of the service in Maharashtra and Goa will be ascertained by applying the generally accepted accounting principles.*

#### 6. Insertion of Rule 8

In case of supply of services directly in relation to an immovable property, including services supplied by experts and estate agents, supply of accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, grant of rights to use immovable property, services for carrying out or co-ordination of construction work, including that of architects or interior decorators, where the location of the supplier of services or the location of the recipient of services is outside India, and where such services are supplied in more than one State or Union territory, in the absence of any contract or agreement between the supplier of service and recipient of services for separately collecting or determining the value of the services in each such State or Union territory, as the case maybe, shall be determined by applying the provisions of rule 4, mutatis mutandis.

#### 7. Insertion of Rule 9

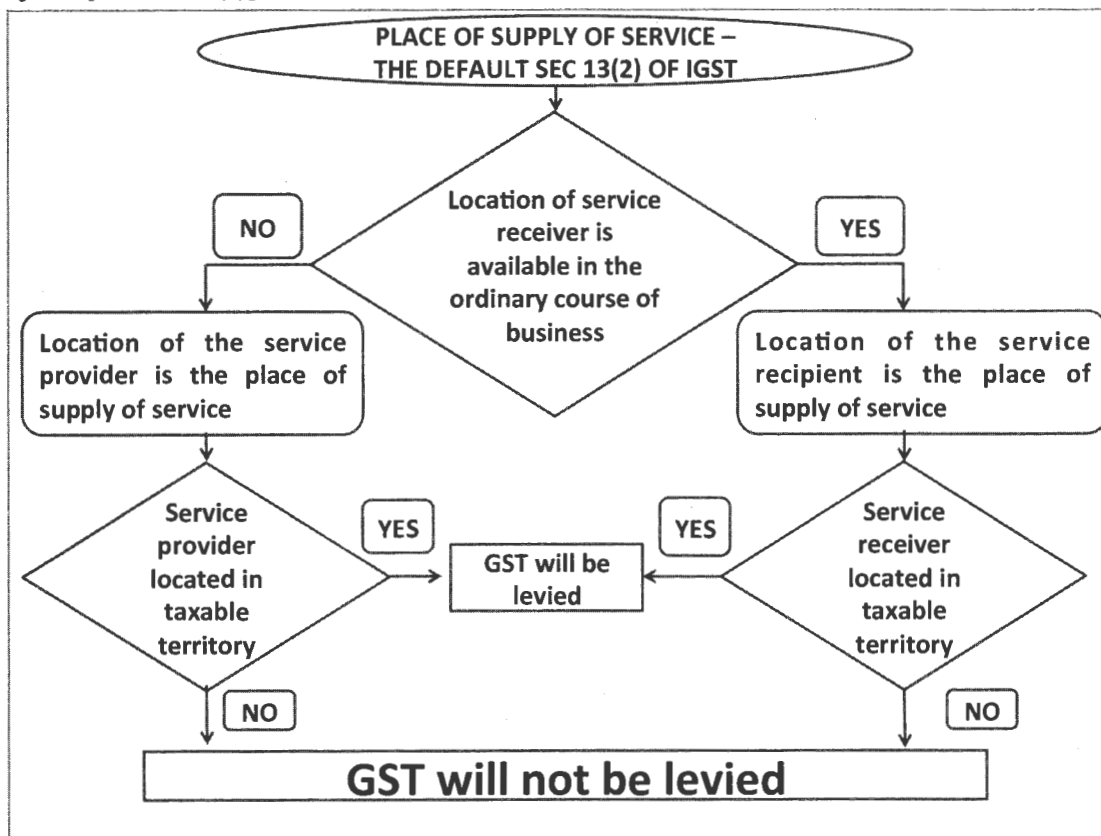
In case of supply of services by way of admission to, or organisation of a cultural, artistic, sporting, scientific, educational or entertainment event, or a celebration, conference, fair, exhibition or similar events, and of services ancillary to such admission or organisation, where the location of the supplier or the location of the recipient is outside India, and where such services are provided in more than one State or Union territory, in the absence of any contract or agreement between the supplier of service and recipient of services for separately collecting or determining the value of the services in each such State or Union territory, as the case maybe, shall be determined by applying the provisions of rule 5, mutatis mutandis”.

### 14.3 Place of supply of service where location of Supplier of Service or Location of Recipient of Service is outside India [Section 13(1) of the IGST Act, 2017]

Services are grouped into—

- Default Section 13(2): It is applicable only when sub-section (3) to (13) of section 13 are not applicable.
- Specific Section 13(3) to 13(13)

#### 14.3.1 Default [Section 13(2)]



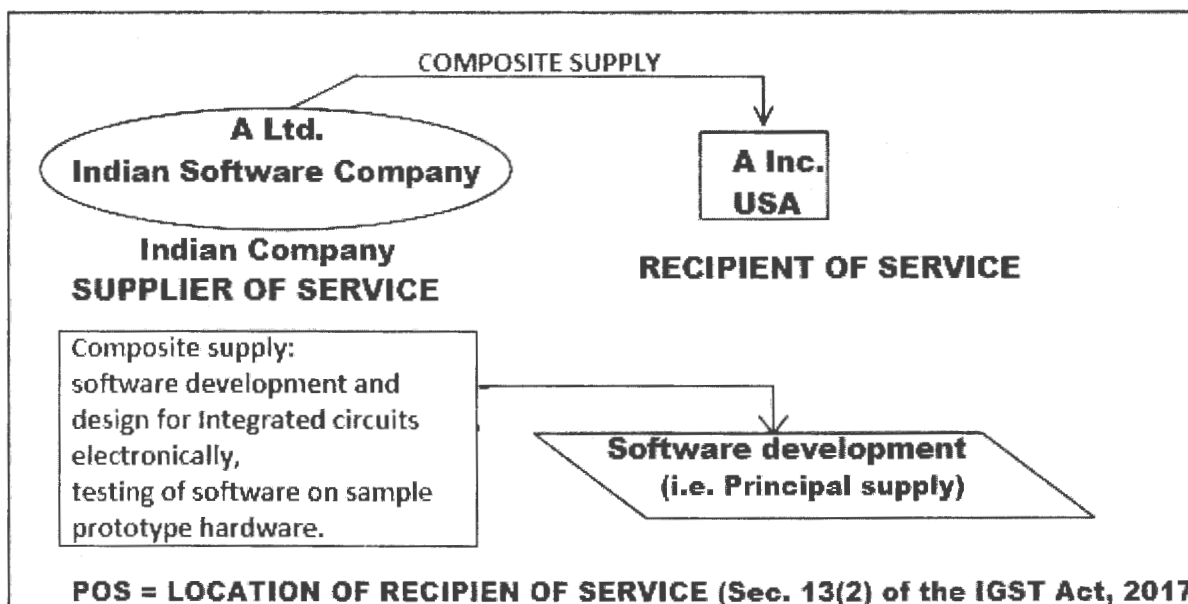


**Clarification regarding determination of place of supply in case of software/design services related to Electronics Semi-conductor and Design Manufacturing (ESDM) industry (CBIC Circular No. 118/37/2019-GST, dated 11th October, 2019.)**

In contracts where service provider is involved in a composite supply of software development and design for integrated circuits electronically, testing of software on sample prototype hardware is often an ancillary supply, whereas, chip design/software development is the principal supply of the service provider. The service provider is not involved in software testing alone as a separate service. The testing of software/design is aimed at improving the quality of software/design and is an ancillary activity. The entire activity needs to be viewed as one supply and accordingly treated for the purposes of taxation. Artificial vivisection of the contract of a composite supply is not provided in law. These cases are fact based and each case should be examined for the nature of supply contracted.

Therefore, it is clarified that the place of supply of software/design by supplier located in taxable territory to service recipient located in **non-taxable territory** by using sample prototype hardware/test kits in a composite supply, where such testing is an ancillary supply, is the location of the service recipient as per Section 13(2) of the IGST Act. Provisions of Section 13(3)(a) of IGST Act do not apply separately for determining the place of supply for ancillary supply in such cases.

**Software/design services related to Electronics Semi-conductor and Design Manufacturing (ESDM) industry:**



**Clarification in respect of determination of place of supply in following cases: -**

Vide CBIC Circular No. 103/22/2019 GST dated 28.06.2019



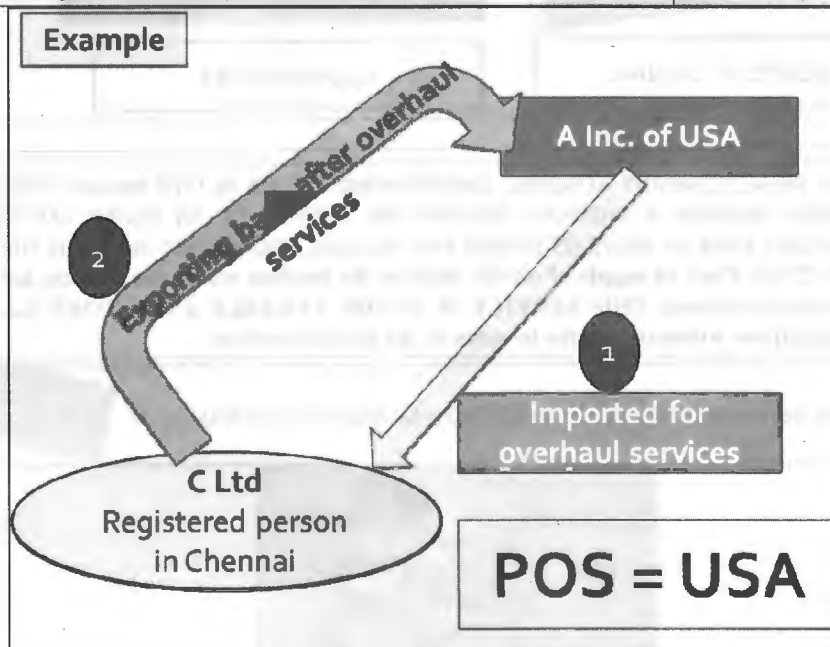
Various services are being provided by the port authorities to its clients in relation to cargo handling:

Place of supply: As per Section 12(2) or Section 13(2) of IGST Act, 2017.

**Notification No. 2/2020-IT, dated 26.03.2020**

**W.e.f. 01.04.2020, B2B maintenance, repair and overhaul services have been notified as the services for which the place of supply shall be the place of effective use and enjoyment of a service as given under:**

Description of services or circumstances	Place of supply
Supply of maintenance, repair or overhaul service in respect of aircrafts, aircraft engines and other aircraft components or parts supplied to a person for use in the course or furtherance of business	The place of supply of services shall be the location of the recipient of service



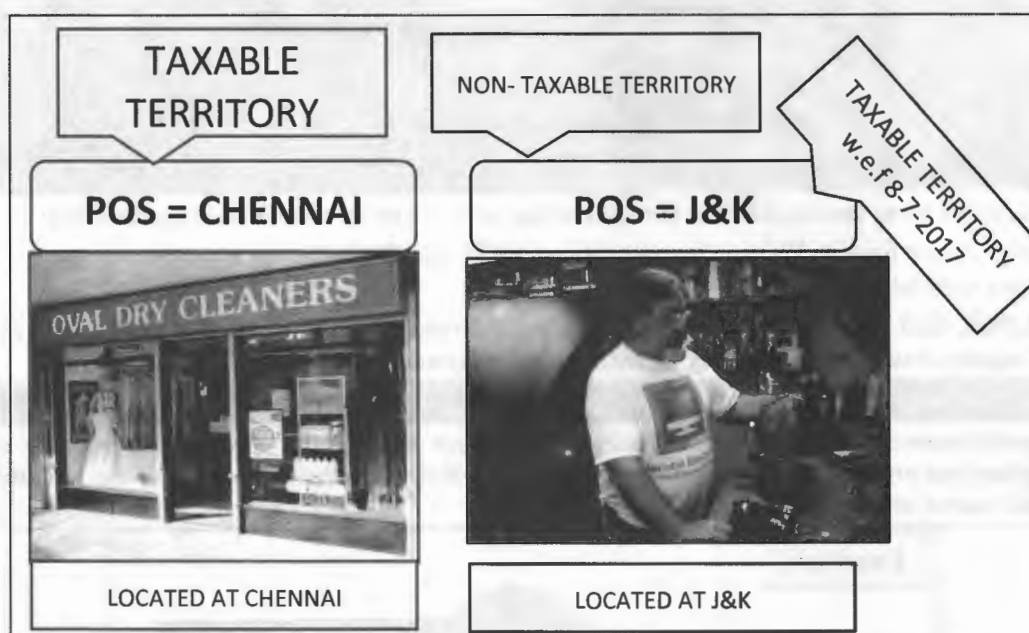
**Notification No. 3/2021-IT, dated 02.06.2021:**

*The place of supply in respect of B2B supply of maintenance, repair or overhaul service (hereinafter referred to as MRO service) in respect of ships and other vessels, their engines and other components or parts supplied to a person for use in the course or furtherance of business shall be the location of the recipient of service.*

*Example: ZEENA and Co., being an Indian shipping company has received MRO service in respect of a ship/vessel from a foreign supplier namely M/s M Inc. of Mexico. Place of supply of such service is in India (i.e., location of recipient being in India) and said service would qualify as an 'import of service'. Thereby, GST is payable under Reverse Charge on these services.*

**14.3.2 Place of supply services on Goods [Section 13(3)(a) of IGST]**

S. No.	Nature of service	Place of supply of service
1	"in respect of goods that are made physically available, by the receiver to the service provider in order to provide the service"	location where the services are actually performed.
2	services provided by way of electronic means in relation to tangible goods,	the actual location of goods.



SONY MUSIC COMPANY (LONDON), UNDERTAKING A TOUR IN TWO INDIAN CITIES (NAMELY MUMBAI & CHENNAI), OBTAINS THE SERVICES OF AN INDIAN CARGO HANDLING FIRM TO MOVE ITS SOUND AND MUSICAL EQUIPMENTS BETWEEN THE TWO CITIES. **Place of supply of service shall be the location where the services are actually performed. THIS SERVICE IS IN THE TAXABLE TERRITORY (i.e. Chennai) notwithstanding the location of the service receiver.**

MUSICAL INSTRUMENTS TRANSPORTED FROM MUMBAI TO CHENNAI by Air



Spice Jet company in India gets its aircraft repaired at Chennai Airport, by engineers deputed by Airbus, France an overseas firm who travel from France to Chennai for the purpose.

- The place of supply of this service is in the taxable territory (i.e. Chennai).
- This service is taxable in the hands of Airbus, France (i.e. non-resident taxable person)



**14.3.2a Section 13(3)(a) of IGST Act, 2017 is not applicable:**

If the following two conditions are satisfied then section 13(2) of IGST Act, 2017 is applicable:

- If goods are to be temporarily imported into India for repairs or for any other treatment or process and are exported after such repairs or treatment or process
- without being put to any other use in India, than that which is required for such repairs or treatment or process.

**Example:** ABC Fabricators has its factory located in Gujarat. It has temporarily imported certain goods from its customer located in China and re-exported them to China after carrying out the necessary repairs without putting them to any use in Gujarat.

Examine what would be the place of provision of service in the given case with reference to the Place of Supply of Services.

Will your answer be different if the repaired goods are re-exported after being put to use in Gujarat for some time?

**Answer:** In the given case, since goods have been temporarily imported by ABC Fabricators and have been re-exported after the repairs without being put to any use in Gujarat (taxable territory), place of provision of repair services carried out by ABC Fabricators will be determined by section 13(2) of IGST Act, 2017. Consequently, the place of supply of service will be the location of service receiver, viz. China (non-taxable territory).

However, if repaired goods are re-exported after being put to use, the place of provision of service will be determined according to section 13(3)(a) of IGST Act, 2017, if the use to which such goods are put to is not required for such repair.

Therefore, in such a case, the place of supply of service will be the location where the service is actually performed, which in the given case is Gujarat.

However, if the use is of such nature, which is necessary for carrying out the repairs, the place of supply of service will again be determined as per section 13(2) of IGST Act, 2017.

**Clarification in respect of determination of place of supply in following cases: -**

Vide CBIC Circular No. 103/22/2019 GST dated 28.06.2019



## Place of supply

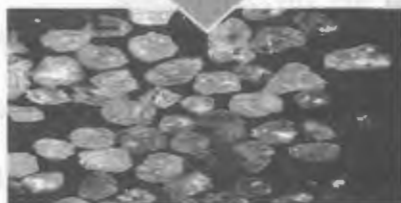
As per Section 13(2) of IGST Act.

2

**Exported** after such repairs or treatment or process without being put to any use in India

1

supply of various services on unpolished diamonds such as cutting and polishing activity which have been **temporarily imported** into India and are not put to any use in India



### 14.3.3 Place of supply services on Individual [Section 13(3)(b) of IGST]

S. No.	Nature of service	Place of supply of service
1	Services supplied to an Individual, represented either as the service receiver or a person acting on behalf of the receiver, which require physical presence of the recipient or the person acting on his behalf, with the supplier for the supply of services.	<b>location where the services are actually performed.</b>

**Example:** Famous actress Aishwarya Rai went to London, and avail cosmetic or plastic surgery services for her nose. Find the place of supply of service. GST is liable to pay?

**Answer:** POS = London (non-taxable territory)  
GST is not liable to pay



#### 14.3.4 Place of supply of services supplied directly in relation to an IMMOVABLE PROPERTY [Section 13(4) of IGST]



Place of supply of services supplied directly in relation to an IMMOVABLE PROPERTY Sec 13(4) of IGST:

Nature of service	Place of supply of service
<ul style="list-style-type: none"> <li>• Lease or a right to use, occupation enjoyment or provision of hotel accommodation by a hotel, guest house, club</li> <li>• Construction service</li> <li>• Architects</li> <li>• Interior decorators</li> <li>• Renting of immovable property</li> <li>• Real estate agents,</li> <li>• Auctioneers, engineers and similar experts or professional people, relating to land, buildings or civil engineering works etc.,</li> </ul>	<p>Where immovable property is located or intended to be located</p>

**Problem:** Mrs. Neelam Goel, an Interior Designer based in Delhi provides her service to an Indian Hotel Chain (which has business establishment in Mumbai) for its newly acquired property in London. Find the place of supply of service and the person liable to pay GST if any?

**Answer:** As per section 12(3)(a) of IGST Act, 2017, Location of service recipient is the place of supply of service. PoS = Mumbai. Taxable territory. Hence, attract IGST in the hands of Mrs. Neelam Goel.



### 14.3.5 Place of supply of services supplied by way of admission to or organization of Section 13(5) of IGST

Place of supply of services supplied by way of admission to,  
or organization of section 13(5) of IGST

Nature of service	Place of supply of service
<ul style="list-style-type: none"> <li>• Cultural</li> <li>• Artistic</li> <li>• Sporting</li> <li>• Scientific</li> <li>• Educational</li> <li>• Entertainment event</li> <li>• Celebration</li> <li>• Conference</li> <li>• Fair</li> <li>• Exhibition</li> <li>• Similar events and</li> <li>• Services ancillary to such admission or organisation</li> </ul>	Where event is actually held.

**Example 1:** Mr. Kapil Sharma a Jalandhar based comedian hosted a comedy show at Singapore with help of event organizer located in Dubai.

**POS:** Singapore



**Example 2:** Mr. Kapil Sharma a Jalandhar based comedian hosted a comedy show at Singapore on birth day occasion of Mumbai based actor Mr. Shah Rukh Khan's son AbRam an un-registered person. Find the GST liability if any?

POS = Mumbai (i.e. location of the recipient Sec. 12(7) of IGST Act, 2017)

GST = IGST is liable to pay by Mr. Kapil Sharma





**Example 3:** Mr. D of Delhi being an event organizer hosted an exhibition at Mumbai to exhibit the products of exhibitor (namely M/s S Silks Ltd. of Singapore).

PPS = Mumbai

GST = IGST is liable to pay by Mr. D of Delhi



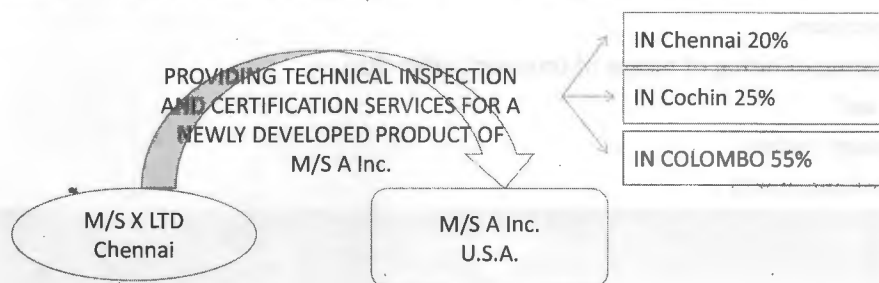
**Example 4:** Mr. D of Dhaka being an event organizer hosted an exhibition in Mumbai to exhibit the products of exhibitor (namely M/s S Silks Ltd. of Shimla).

**Answer:** PPS = Mumbai

GST = CGST & SGST is liable to pay by Mr. D of Dhaka (non-resident taxable person).

**Services referred u/s 13(3) or (4) or (5) is supplied at more than one location [Section 13(6) of IGST]**

Where any service stated in sub-section 3, 4, or 5 of section 13 is provided at more than one location, including a location of taxable territory, its place of supply shall be the location in the taxable territory.



Place of supply of service will be the place in the taxable territory (i.e. Chennai and Cochin).

X Ltd is liable to pay IGST for the part of Chennai

X Ltd is liable to pay IGST for the part of Cochin.

X Ltd is also liable to pay IGST for the services rendered in Colombo.

It means tax will be payable on the entire value.

#### 14.3.5a Section 13(3) or (4) or (5) Services performed in more than one State [Section 13(7) of IGST]

Section 13(3) or (4) or (5) Services performed in more than one State or Union Territory, the Place of supply of such services shall be taken as deemed in each of the State or Union Territories in proportion to the value of services so provided.

The value of services is required to be determined in terms of the agreement or any reasonable means.

**Example:** Mr. Harsha, an event organiser located in Malaysia, undertakes to organize comedy shows of Mr. Bhrami of Hyderabad and Mr. Vadivelu of Chennai in India. The comedy shows are hosted in Telangana, Andhra Pradesh, Tamil Nadu and Pondicherry.

Gross value of contract is ₹60 crores.

State	No. of Days Recipient of Service	
Telangana	=	20 Mr. Bhrami
Andhra Pradesh	=	15 Mr. Bhrami
Tamil Nadu	=	14 Mr. Vadivelu
Pondicherry	=	01 Mr. Vadivelu
Total	=	50

Find the place of supply of services, value of service and person liable to pay tax.

**Answer:**

Place of Supply of service	Value ₹ in crores	Who is liable to pay GST	GST
Telangana	24	Mr. Harsha being a non-resident taxable person.	IGST
Andhra Pradesh	18	Mr. Harsha being a non-resident taxable person.	IGST
Tamil Nadu	16.80	Mr. Harsha being a non-resident taxable person.	IGST
Pondicherry	1.20	Mr. Harsha being a non-resident taxable person.	IGST
Total	60		

#### 14.3.6 Specified Services [Section 13(8)]

##### PLACE OF SUPPLY OF SERVICES = LOCATION OF THE SERVICE PROVIDER

SPECIFIED SERVICES INCLUDES:

- (a) Services provided by a banking company, or financial company, or a NBFC to account holders
- (b) Intermediary services
- (c) Services consisting of hiring of means of transport, other than,—
  - (i) aircrafts, and
  - (ii) vessels except yachts upto a period of one month



**YACHTS**

#### 14.3.6a Services provided by a banking company or financial company or a NBFC to account holders:

**Example 1:** Mr. S has a permanent residence at Chennai. He has a savings bank account with Chennai Mound Road Branch of State Bank of India. On Aug 1, 2015, Mr. S opened a safe deposit locker with the Chennai Mound Road Branch of State Bank of India. Mr. S went to Singapore for official work in Sep, 2015 and has been residing there since then. Mr. S contends that since he is a non-resident during the year 2017-18 in terms of the Income-tax Act, GST cannot be levied on the locker fee charged by State Bank of India for the year 2017-18.

Examine the correctness of the contention of Mr. S.

**Answer:** POS = Chennai

GST = CGST and SGST is liable to pay by State Bank of India Chennai Mount Road Branch.

#### 14.3.6b Intermediary services

**Includes the following:**

- Travel agent (any mode of travel)
- Tour operator
- Commission agent for a service (*including an agent for buying or selling of goods*)
- Recovery agent etc.,

Remittances from abroad, GST will be levied.

#### Intermediary:

As per Section 2(13) of the Integrated Goods and Services Tax Act, 2017 intermediary means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both securities on his own account.

#### Example 1: Freight Forward Services:

## FREIGHT FORWARDER

Also known as forwarding agent or Non-Vessel Operatin Common Carrier or NVOCC.

A person or company that organizes shipments for individuals, organizations or businesses to get goods from the manufacturer or producer to a final point of distribution.



**FREIGHTERA**  
Attractive freight rates from tons of carriers

S.No.	Service provider	Nature of Service	Place of supply of service	Remarks
1.	Freight forwarder acts as an agent of airline/carrier/ ocean liner	Transportation of goods outside India	Intermediary service. Section 13(8)(b) of the IGST Act, 2017.	Location of Service provider is the Place of supply of Service.
2.	Freight forwarders act as a principal. The invoice is raised by the freight forwarder on the exporter. He is bearing all the risks and liability for transportation.	Transportation of goods outside India	Transportation of goods Section 13(9) of the IGST Act, 2017.	Destination of the goods is the place of supply of service.

**Example 2:** Write a brief note on the applicability of GST in the following cases.

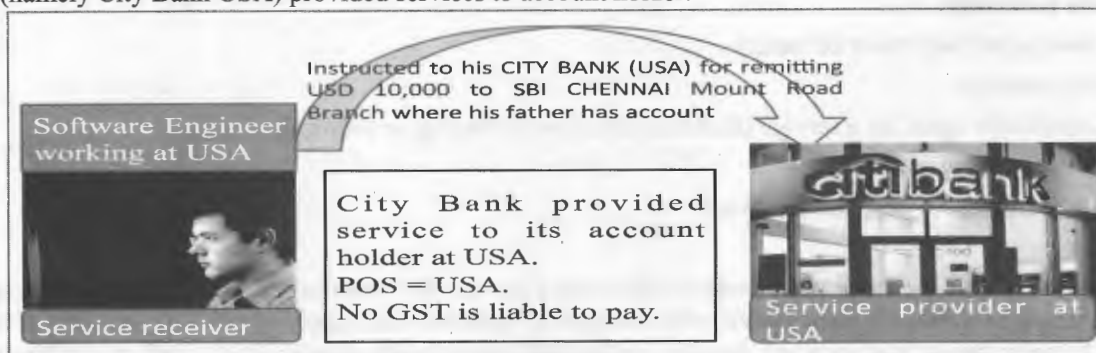
- Whether the representation service provided by State Bank of India Chennai to a foreign MTSO (Money Transfer Service Operator) in relation to money transfer to a beneficiary in India falls in the category of intermediary service.
- Whether GST is leviable on the services provided as mentioned in (i) above by an intermediary/agent located in India (in taxable territory) to MTSO's located outside in India.

**Answer:** (i) Yes, the given service falls under intermediary service under section 13(8)(b) of the IGST Act, 2017.

(ii) Place of supply of service is location of the supplier of service (i.e. taxable territory namely Chennai) and hence, GST is liable to pay by intermediary/agent.

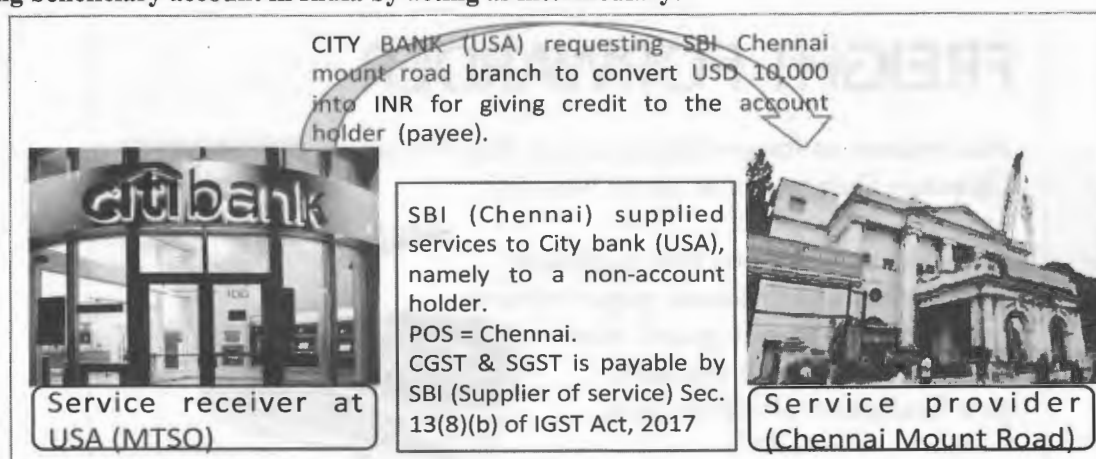
**Example 2(a):**

MSTO (namely City Bank USA) provided services to account holder:



**Example 2(b):**

State Bank India Mount Road Branch Chennai provided services to MSTO (namely City Bank USA) by crediting beneficiary account in India by acting as intermediary:



**Example 3:** M/s Bharath International of Imphal, Manipur is an Indenting Agent. M/s MRS Inc. of Singapore, supply yarns as per the instruction of M/s Bharath International, an Indenting Agent, to the buyers located in India and Bangladesh also. M/s MRS Inc. of Singapore give commission to M/s Bharath International of Imphal at pre-decided rate in percentage of sales value. M/s MRS Inc. of Singapore is foreign resident, and not having any permanent establishment of business in India. M/s Bharath International of Imphal receive the commission from M/s MRS Inc. of Singapore in Foreign Currency. This receipt of commission in the hands of M/s Bharath International is not liable to any other tax.

Answer the following:

- (1) Whether M/s Bharath International of Imphal is liable to pay IGST on the amount of commission?
- (2) If yes, then how the amount of IGST will be calculated say USD 1,00,000 received in the month of April 2018? Exchange rate as per generally accepted accounting principles is ₹68.25. RBI exchange rate is ₹68. Applicable rate of IGST @18%.
- (3) Whether IGST paid on the Commission amount is eligible for the credit as RCM?

**Answer:**

Place of supply = Location of Supplier i.e. Imphal, Manipur (i.e. Taxable Territory) as per Section 13(8)(b) of the IGST Act, 2017.

Location of supplier = M/s Bharath International of Imphal, Manipur

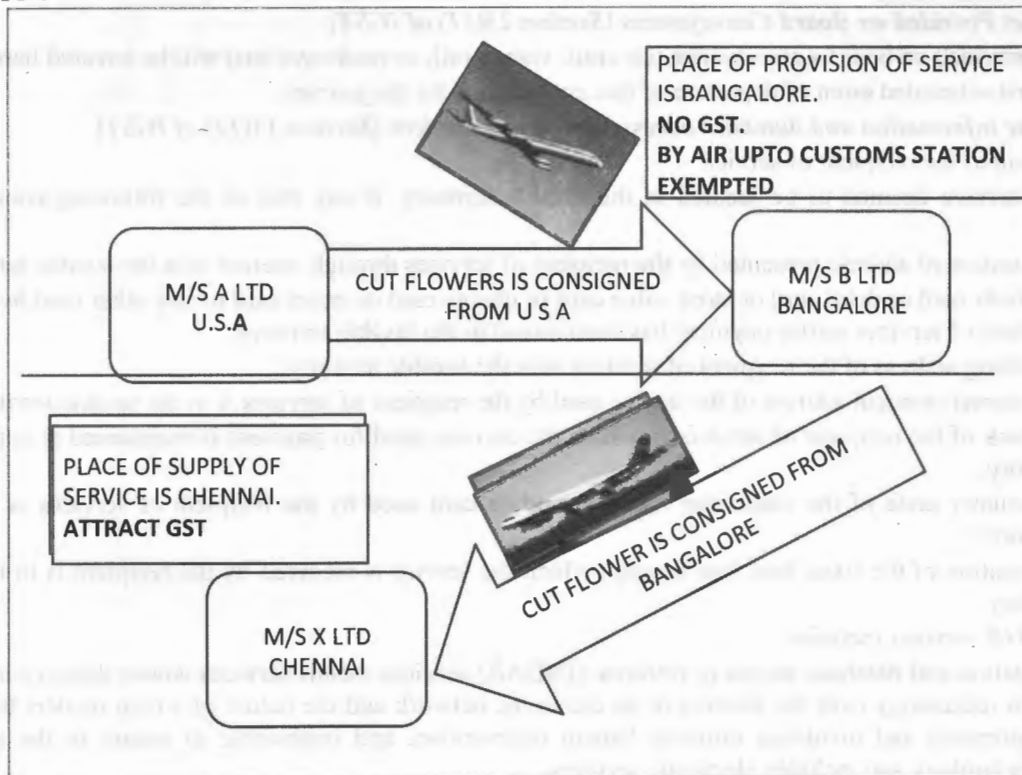
It is not export of service. Since, section 2(6) of the IGST Act, 2017 one of the conditions (i.e. Place of supply should be outside India) is not satisfied.

In view of the above provisions answers to specific queries are provided as follows:

- M/s Bharath International of Imphal, Manipur is liable to pay IGST on the commission amount received by it. [Sec 7(5)(c) of the IGST Act, 2017]
- IGST is ₹12,28,500 [i.e. (₹68.25 x USD 1,00,000) x 18%].
- Since, M/s Bharath International, Imphal is liable to pay IGST on the commission amount received from M/s MRS Inc. of Singapore, and M/s Bharath International, Imphal it is not paying GST on reverse charge, it is not eligible to take credit of GST paid by it.

#### 14.3.7 Place of provision of a service of transportation of goods other than by way of mail or courier [Section 13(9) of IGST]

**Place of supply of Service = Destination of such Goods**



#### In case of transhipment of goods:

**Example:** A vessel Bhishma, sailing from U.S.A to Australia via India carries various types of capital goods namely 'A, B, C & D'. 'A & B' are destined to Mumbai Port. On account of submission of *bill of transhipment* product 'A' transhipped to Chennai port as ultimate destination in India and product 'B' transhipped to Srilanka.

Find the place of supply of service and person liable to pay GST.

**Answer:** Place of supply of services is destination of goods and person liable to pay GST is the importer.

In the given case

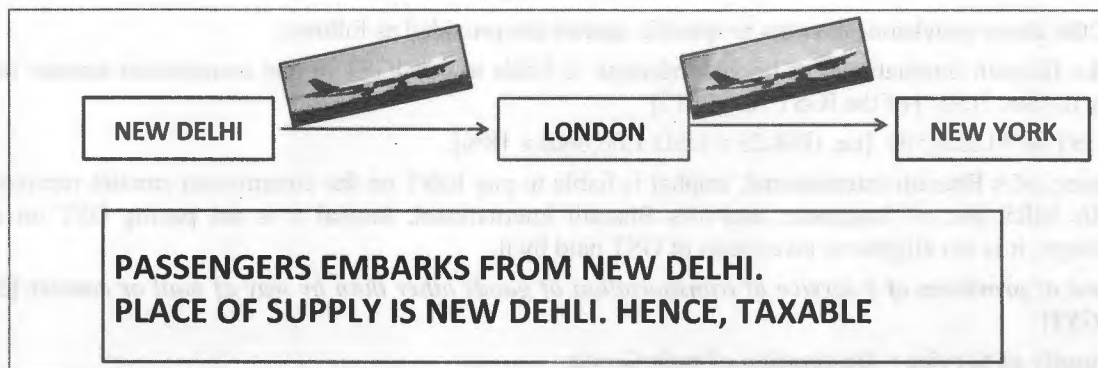
Place of supply = Chennai (i.e. product 'A' ultimate destination in India)

Person liable to pay GST is importer on the ocean freight.

#### 14.3.8 Passenger Transportation Services [Section 13(10) of IGST]

The place of supply of service = where the passenger embarks on the conveyance for a continuous journey.





#### 14.3.9 Services Provided on Board Conveyances [Section 13(11) of IGST]

Any service provided on board a conveyance (air craft, vessel, rail, or roadways bus) will be covered here.

POS = The first scheduled point of departure of that conveyance for the journey.

#### 14.3.10 Online information and database access or retrieval services [Section 13(12) of IGST]

POS = Location of the recipient of service

Recipient of service deemed to be located in the taxable territory, if any two of the following conditions are satisfied:

- the location of address presented by the recipient of services through internet is in the taxable territory;
- the credit card or debit card or store value card or charge card or smart card or any other card by which the recipient of services settles payment has been issued in the taxable territory;
- the billing address of the recipient of services is in the taxable territory;
- the internet protocol address of the device used by the recipient of services is in the taxable territory;
- the bank of the recipient of services in which the account used for payment is maintained is in the taxable territory;
- the country code of the subscriber identity module card used by the recipient of services is of taxable territory;
- the location of the fixed land line through which the service is received by the recipient is in the taxable territory.

#### 14.3.10a OIDAR services includes:

Online information and database access or retrieval [OIDAR] services means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention, and impossible to ensure in the absence of information technology and includes electronic services:

<b>OIDAR Services includes</b>	<b>OIDAR Services excludes</b>
(i) advertising on the internet;	(i) Supplies of goods, where the order and processing is done electronically
(ii) providing cloud services;	(ii) Supplies of physical books, newsletters, newspapers or journals
(iii) provision of e-books, movie, music, software and other intangibles via telecommunication networks or internet;	(iii) Services of lawyers and financial consultants who advise clients through email
(iv) providing data or information, retrievable or otherwise, to any person, in electronic form through a computer network;	(iv) Booking services or tickets to entertainment events, hotel accommodation or car hire
(v) online supplies of digital content (movies, television shows, music, etc.);	(v) Educational or professional courses, where the content is delivered by a teacher over the internet or an electronic network (in other words, using a remote link)
(vi) digital data storage; and	(vi) Offline physical repair services of computer equipment
(vii) online gaming.	(vii) Advertising services in newspapers, on posters and on television

**Examples of services whether or not OIDAR services:**

Nature of service	Whether Provision of service mediated by information technology over the internet or an electronic network	Whether it is Automated and impossible to ensure in absence information technology	OIDAR service
Pdf document manually emailed by provider. Example: Rafi Academy sent soft copy of work book solutions.	Yes	No	No
Pdf document automatically emailed by provider's system Example: Airtel receipt for post paid connections, acknowledgments for submission of documents through MCA website and so on.	Yes	Yes	Yes
Pdf document automatically downloaded from site Example: downloading software like anti-virus software, software to block banner adverts showing and so on.	Yes	Yes	Yes
Stock photographs available for automatic download Examples: desktop themes, screen savers	Yes	Yes	Yes
Online course consisting of pre-recorded videos and downloadable pdfs. Example: on account of pressing buy button pre-recorded video classes automatically available on screen.	Yes	Yes	Yes
Online course consisting of pre-recorded videos and downloadable pdfs plus support from a live tutor. Example: recorded classes are available for those students who miss live classes.	Yes	No	No
Individually commissioned content sent in digital form Examples: photographs, reports, medical results.	Yes	No	No

**Summary:**

Type of service	Nature of service (Cross-border)		
		Taxable/Exempted	Liable to pay tax
B2C	OIDAR service	Taxable	Forward charge
B2C	Other than OIDAR service	Exempt	Exempted supply
B2B	OIDAR service	Taxable	Reverse charge
B2B	Other than OIDAR service	Taxable	Reverse charge

**14.3.11 Power to notify supply of a services or circumstances [Section 13(13)]**

In order to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules, the Government shall have the power to notify any description of services or circumstances in which the place of supply shall be the place of effective use and enjoyment of a service.

**w.e.f. 1-10-2019:**

The CBIC vide Notification No. 04/2019-(IT), dated September 30, 2019 has notified the place of supply of R&D services related to pharmaceutical sector provided by Indian pharma companies to foreign service recipients, as the place of effective use and enjoyment of a service i.e. location of the service recipient subject to fulfilment of the following conditions:



- (i) supply of services from the taxable territory are provided as per a contract between the service provider located in taxable territory and service recipient located in non-taxable territory.
- (ii) Such supply of services fulfils all other conditions in the definition of export of services, except sub-clause (iii) provided at clause (6) of section 2 of Integrated Goods and Services Tax, Act, 2017.

**Section 12 and 13 of IGST Act, 2017 summary:**

The Place of Supply of Services where location of supplier and recipient is in India [Section 12 of IGST Act, 2017]			Place of supply of service where location of Supplier of Service or Location of Recipient of Service is outside India [Section 13(1) of the IGST Act, 2017]	
S.No.	Nature of supply	Place of supply	Nature of supply	Place of supply
1	In relation to immovable property, short term accommodation, organising event in any immovable property (Section 12(3) of IGST Act, 2017)	Location of property. If it is outside India, then location of recipient.	On tangible goods Or On Individuals (Section 13(3) of IGST Act, 2017)	location where the services are actually performed. services provided by way of electronic means in relation to tangible goods, then place of supply is the actual location of goods.
2	Restaurant Catering services Personal grooming Fitness services Beauty treatment services Health services including cosmetic and plastic surgery (Section 12(4) of IGST Act, 2017)	Location where the services are actually performed.	In relation to immovable property (Section 13(4) of IGST Act, 2017)	Location of property
3	Services in relation to training and performance appraisal. (Section 12(5) of IGST Act, 2017)	Provided to a registered person: • Location of recipient of Service Provided to an un-registered person: • Location where the services are actually performed.	<b>Admission to or organization:</b> Cultural Artistic Sporting Scientific Educational Entertainment event or Amusement park or any other place. (Section 13(5) of IGST Act, 2017)	Where the event is actually held
4	<b>Admission to a</b> Cultural Artistic Sporting Scientific Educational Entertainment event or Amusement park or any other place. (Section 12(6) of IGST Act, 2017)	Where the event is actually held or where the park or such other place is located.	Services in relation to • Performance on goods or individuals • Immovable property • Admission or organisation of events provided at more than one location, including a location of taxable territory. (Section 13(6) of IGST Act, 2017)	location in the taxable territory

	The Place of Supply of Services where location of supplier and recipient is in India [Section 12 of IGST Act, 2017]		Place of supply of service where location of Supplier of Service or Location of Recipient of Service is outside India [Section 13(1) of the IGST Act, 2017]	
S.No.	Nature of supply	Place of supply	Nature of supply	Place of supply
5	<b>Organization of a Cultural Artistic Sporting Scientific Educational Entertainment event</b> (Section 12(7) of IGST Act, 2017)	<p>Provided to a registered person:</p> <ul style="list-style-type: none"> <li>Location of recipient of Service</li> </ul> <p>Provided to an un-registered person:</p> <ul style="list-style-type: none"> <li>Location where the event is actually held and</li> <li>if the event is held outside India, the place of supply shall be the location of the recipient.</li> </ul>	<p>Services in relation to</p> <ul style="list-style-type: none"> <li>Performance on goods or individuals</li> <li>Immovable property</li> <li>Admission or organisation of events</li> </ul> <p>performed in more than one State or Union Territory.</p> <p>(Section 13(7) of IGST Act, 2017)</p>	In each of the State or Union Territories
6	Services by way of Transportation of goods including by mail or courier (Section 12(8) of IGST Act, 2017)	<p>Provided to a registered person:</p> <ul style="list-style-type: none"> <li>Location of recipient of Service.</li> </ul> <p>Provided to an un-registered person:</p> <ul style="list-style-type: none"> <li>Location at which such goods are handed over for their transportation.</li> </ul> <p><b>w.e.f. 1-2-2019:</b></p> <p><i>Provided that where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.</i></p>	<p><b>SPECIFIED SERVICES INCLUDES:</b></p> <p>(a) Services provided by a banking company, or financial company, or a NBFC to account holders</p> <p>(b) Intermediary services</p> <p>(c) Services consisting of hiring of means of transport, other than,—</p> <p>(i) aircrafts, and</p> <p>(ii) vessels except yachts</p> <p>upto a period of one month</p> <p>(Section 13(8) of IGST Act, 2017)</p>	Location of the Service Provider
7	Passenger transportation service. Including: Rail, Mono Rail, Metro Rail, Road, Air, Vessel, boat, Cycle rickshaw, Bullock cart, Camel etc. (Section 12(9) of IGST Act, 2017)	<p>Provided to a registered person:</p> <ul style="list-style-type: none"> <li>Location of recipient of Service.</li> </ul> <p>Provided to an un-registered person:</p> <ul style="list-style-type: none"> <li>Place where the passenger embarks on the continuous journey.</li> </ul>	<b>transportation of goods other than by way of mail or courier</b> (Section 13(9) of IGST Act, 2017)	<b>Destination of such Goods</b>

	The Place of Supply of Services where location of supplier and recipient is in India [Section 12 of IGST Act, 2017]		Place of supply of service where location of Supplier of Service or Location of Recipient of Service is outside India [Section 13(1) of the IGST Act, 2017]	
S.No.	Nature of supply	Place of supply	Nature of supply	Place of supply
7a	Right to passage is given for future use and point of embarkation is not known at the time of issue of such right (Section 12(9) of IGST Act, 2017)	<p>Provided to a registered person:</p> <ul style="list-style-type: none"> <li>Location of recipient of Service.</li> </ul> <p>Provided to an un-registered person:</p> <ul style="list-style-type: none"> <li>Location of recipient when address on record is available.</li> <li>Location of supplier in other cases</li> </ul>	<b>Passenger Transportation Services</b> (Section 13(10) of IGST Act, 2017)	where the passenger embarks on the conveyance for a continuous journey.
8	<b>On board conveyance:</b> Vessel Air craft Train Motor vehicle. (Section 12(10) of IGST Act, 2017)	Location of the first scheduled point of departure of that conveyance for the journey.	<b>Services Provided on Board Conveyances</b> (Section 13(11) of IGST Act, 2017)	The first scheduled point of departure of that conveyance for the journey.
10	<b>telecommunication services</b> (Section 12(11) of IGST Act, 2017) <div data-bbox="269 1150 756 1612" data-label="Diagram"> <pre> graph TD     Root([POS for Telecommunication Services]) --&gt; FL[Fixed Line]     Root --&gt; PP[Post paid]     Root --&gt; PR[Pre paid]     Root --&gt; PI[Pre paid sold through Internet]     FL --&gt; FL_Loc[Location where the line is installed]     PP --&gt; PP_BA[Billing address]     PR --&gt; PR_Loc[Location where the prepaid voucher is sold]     PI --&gt; PI_BA[Billing address]     Note[Where the address of the recipient as per the records of the supplier of services is not available, the place of supply shall be location of the supplier of service.] </pre> </div>		<b>Online information and database access or retrieval services</b> (Section 13(12) of IGST Act, 2017)	Location of the recipient of service
11	Banking and NBFC service including Stock broking services (Section 12(12) of IGST Act, 2017)	<p>Location of recipient of Service on the records of the supplier of service.</p> <p>Otherwise: Location of supplier of service.</p>	In order to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules, the Govt. of India shall have the power to notify any description of service or circumstances in which the place of supply shall be the place of effective	<b>w.e.f. 1-10-2019:</b> The CBIC vide Notification No. 04/2019- (IT), dated September 30, 2019 has notified the place of supply of R&D services related to pharmaceutical sector provided by Indian pharma companies to

The Place of Supply of Services where location of supplier and recipient is in India [Section 12 of IGST Act, 2017]			Place of supply of service where location of Supplier of Service or Location of Recipient of Service is outside India [Section 13(1) of the IGST Act, 2017]	
S.No.	Nature of supply	Place of supply	Nature of supply	Place of supply
			use and enjoyment of a service. Section 13(13) of IGST Act, 2017	foreign service recipients, as the place of effective use and enjoyment of a service i.e. location of the service recipient.
11	Insurance services (Section 12(13) of IGST Act, 2017)	To a registered person <ul style="list-style-type: none"> <li>Location of recipient of Service.</li> </ul> To a person other than registered person <ul style="list-style-type: none"> <li>Location of the recipient of services on the records of the supplier of service.</li> </ul>		
12	Advertisement services to <ul style="list-style-type: none"> <li>Central Government</li> <li>State Government</li> <li>Statutory Body</li> <li>Local Authority</li> </ul> (Section 12(14) of IGST Act, 2017)	Located in each of such states and the value of such supplies specific to each state shall be in proportion to amount attributable to service provided by way of dissemination in the respective states.		
13				