

**GIB/MH/NES GLOBAL/19.12.2018/AAR-279**

**Advance Ruling Category :** Supply

**State :** Maharashtra

**Order No.:** GIB/MH/NES GLOBAL/19.12.2018/AAR-279

**Name of Entry :**

NES GLOBAL SPECIALIST ENGINEERING SERVICE PVT LTD.

**Date :** 19-12-2018

**Breif Issue :**

**Issue & Fact of the Case:**

Whether the transaction in question is a Zero Rated Supply or a Normal Supply under the GST ACT?

If the said supply is a Zero Rated Supply, then can the same be considered as an export of service under the GST Act?

The Company is engaged in providing supply of man-power services to highly technical industries such as oil and Gas, Power, etc. NES Global Talent Recruitment Services (NES Abu Dhabi) whose registered office is situated at Unit 104, Business Avenue Tower, Al Salaam Street, P.O. Box no 63107, Abu Dhabi

Both the above mentioned companies i.e. NES India and NES Abu Dhabi are subsidiary companies of the parent company named NES Global Limited (NES UK), which is a registered company in the United kingdom. NES India & NES Abu Dhabi have proposed to enter into a service agreement through which NES India will provide support service in respect of the foreign business carried on by NES Abu Dhabi.

Every service provided by NES India will form part of the Master Services Agreement (“MSA”) & its Schedules in detail

As per the agreement, NES India is not allowed to outsource or sub contract the work to any other person and hence, in order to provide the above mentioned services, NES India will have to use its current place of business, which is on rent along with current employees and will also incur other related expenses, in order to carry out the desired work for NES Abu Dhabi.

In view of the above and as per the MSA, NES India will Charge NES Abu Dhabi the cost incurred in India for providing the desired services, as identified and allocated with a margin of 10% plus taxes as applicable during the period.

The recipient of service i.e. AM located outside India -Abu Dhabi; payment is received in convertible

foreign exchange, the supplier of service and the recipient of service are not merely establishment of a distinct person and applicant not being an intermediary and services are not specified in sub-section (3) to (1) of section 13, the place of supply of service would be the location of the recipient of services i.e. NES Abu Dhabi, which is outside India. As the applicant satisfies all the ingredients of 'export of service' the service provided by the 'Marketing Services Agreement' would qualify as an export of taxable service.

The supply of services in the subject case as covered by the MSA agreement submitted it is very clear that the said transactions are covered under "Zero rated supply "

**Decision of Advance Ruling Authority :****Decision:**

In view of the discussions we hold that the transaction covered under the MSA dated between the applicant and NES Abu Dhabi is a Zero rated supply. This Ruling is valid subject to the provisions under Section 103 until and unless declared void under Section 104(1) of the GST Act.

Answered is in the positive in lieu of our answer to Q. No. 1 above