

**GIB/AP/DKV/24.02.2020/AAR-356**

**Advance Ruling Category :** Input Tax Credit

**State :** Andhra Pradesh

**Order No.:** GIB/AP/DKV/24.02.2020/AAR-356

**Name of Entry :**

DKV Enterprises Private Limited

**Date :** 24-02-2020

**Breif Issue :**

**Facts & Issue Of The Case :**

M/s. DKV Enterprises Private Limited, Visakhapatnam (herein after applicant) is an authorized non-exclusive consultant for Grace Products (Singapore) Pte. Limited for the sale of Fluid Cracking Catalysts and Additives. The applicant has sought advance ruling on the issue - Whether the marketing and consultancy services supplied by the applicant are liable under export of service or not.

The applicant submitted that in the capacity of consultant, they will promote the sale of and solicit orders for the products throughout the Territory in accordance with the marketing plans and objectives of Grace. The Consultant shall have no power to bind Grace and shall negotiate for orders of the products to be transmitted to Grace for acceptance, only at the prices and in accordance with the terms, conditions, policies and instructions specified by Grace, any of which may be changed at any time by Grace.

In accordance with Section 2 (6) of IGST Act 2017, “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; and (v) the supplier of service and the recipient of service are not merely establishments of a distinct person

**Decision of Advance Ruling Authority :**

**Decision :**

The intermediary services are provided to the recipient located outside Indi and the Interstate provisions as contained under Section 7 (5) (c) shall be applicable and hence IGST is payable under such transaction.

The services in question are not 'Export of Service' but 'Intermediary Services' for the reasons explained above and attract IGST.