

**GIB/KA/GUITAR HEAD/16.04.2021/AAR-458**

**Advance Ruling Category :** LEVY OF GST

**State :** Karnataka

**Order No.:** GIB/KA/GUITAR HEAD/16.04.2021/AAR-458

**Name of Entry :**

M/S. GUITAR HEAD PUBLISHING LLP.

**Date :** 16-04-2021

**Breif Issue :**

**FACTS OF THE CASE:**

In this case the applicant is engaged in business of selling guitar training books in United States of America, United Kingdom and Canada through their website. The applicant sends soft copy of the book to the printer located in USA, who in turn prints it and ships to the customers located in USA, UK and Canada. Further, in another business model the applicant is having an agreement with Amazon Inc. who through their website "amazon.com" based on the choice of the customers either prints the books and sells it to the consumers on their own account or will share the link to download the e-books material in an of the electronic devices and pays royalty to the applicant as agreed between the two parties.

**Decision of Advance Ruling Authority :**

**ISSUE OF THE CASE AND DECISION:**

**Whether the supply of books from the warehouse located in USA (non-taxable territory) to the customers located in USA, UK and Canada (non-taxable territory) without such books entering into India by the applicant are treated as supply under GST?**

Schedule III, relevant to Section 7 of the CGST Act 2017, at clause 7 specifies that "Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India" shall be treated neither as a supply of goods nor a supply of services - supply of books from the warehouse located in USA (non-taxable territory) to the customers located in USA, UK and Canada (non-taxable territory) without such books entering into India does not amount to supply under GST, in terms of clause 7 of Schedule III, relevant to Section 7 of the CGST Act 2017.

**Whether GST is levied on the shipping charges collected by the applicant from the customers located in USA, UK and Canada (non-taxable territory) for the delivery of**

**books from the warehouse located in USA (non-taxable territory) to the customer located in located in USA, UK and Canada (non-taxable territory)?**

The supplier providing the shipping services to the applicant is outside India, the recipient of the said service i.e. the applicant is within India and the place of supply is in India in terms of Section 13 of the IGST Act 2017. Thus the impugned service squarely qualifies to be an import of service, in terms of Section 2 (11) of the IGST Act 2017, in the hands of the applicant and hence the amount paid by the applicant towards the said shipment service is eligible to GST, under Reverse Charge Mechanism.

**Whether printing charges for printing of books charged by the Printer located in USA (non-taxable territory) is taxable under Reverse Charge Mechanism under GST, where only content is supplied by the applicant?**

In the instant case, the content of the books is supplied by the applicant, who owns the said content i.e. usage right to the intangible inputs. Further the physical input i.e. the paper used for printing the books belongs to the printer and hence both the conditions are fulfilled - it is clearly evident that the supplier providing the printing services to the applicant is outside India, the recipient of the said service i.e. the applicant is within India and the place of supply is in India in terms of Section 13 of the IGST Act 2017. Thus the impugned service squarely qualifies to be an import of service, in terms of Section 2(11) of the IGST Act 2017, in the hands of the applicant. Hence the printing charge for printing of books charged by the Printer located in USA (non-taxable territory) is taxable under Reverse Charge Mechanism under GST, where only content is supplied by the applicant.

**Whether the services received by the applicant from Foreign Service provider such as warehousing of printed books located in USA (non-taxable territory) is taxable under Reverse Charge Mechanism under GST?**

Though the supplier is located outside India and the recipient is located in India, the place of supply of service is outside India, in terms of Section 13 of IGST Act 2017. Therefore, the impugned service is not covered under import of service and hence is not exigible to GST under RCM basis on expenses incurred on warehousing charges of printed books.

**Whether input tax credit can be availed, to the extent of inputs and input service?**

The applicant is not entitled to avail input tax credit on inputs and input services on the transaction covered in first question as the said transaction does not amount to supply under GST.