

**GIB/KN/ASIATIC/24.09.2019/AAR-202**

**Advance Ruling Category :** Classification

**State :** Karnataka

**Order No.:** GIB/KN/ASIATIC/24.09.2019/AAR-202

**Name of Entry :**

Asiatic Clinical research Pvt Ltd

**Date :** 21-03-2020

**Breif Issue :**

**Issue & Fact of the Case:**

Whether the services provided by the applicant to the foreign client amounts to export of services and hence zero-rated under GST law?

Whether the applicant acts as a pure agent while receiving amounts from the foreign clients and passing it on to the local research institutions?

The applicant is engaged in the activity relating to the management of clinical trials on behalf of Asahi Kasei Pharma America Corporation (AKPA), USA.

The applicant has entered into two main agreements with AKPA for the purpose of performing services related to study management and clinical trial monitoring. The applicant has entered into the master service agreement with AKPA wherein the applicant has undertaken to perform certain services.

The applicant seeks to determine taxability with the foreign sponsor.

**The issue analyzed here by considering section 7 of CGST Act, section 13(3), 2(6) of IGST Act, and Rule 33 of the CGST Act.**

**A pure agent actually incurs the expenditure under the contractual agreement and then gets the reimbursement of the same, in the instant case the applicant is not incurring any expenditure but disbursing the charges to the investigator on the basis of work progress assessed by the applicant.**

For a service provider to be a pure agent, the following conditions are required to be satisfied in term of Rule 33 of CGST Rules 2017:

- i. The supplier act as a pure agent of the recipient of the supply, when he makes the

- payment to the third party on authorization by such recipient.
- ii. The payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the purer agent to the recipient of service.
  - iii. The supplier procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.

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

The first issue whether the services provided by the applicant to the foreign client amount to export of service cannot be answered as section 97 of the CGST Act does not empower the authority to give ruling on the place of supply of Goods or services.

In respect of the 2<sup>nd</sup> issue it is ruled that the applicant qualifies to be pure agent in receiving amount from the foreign clients and passing it on to the local research institutions.