M/s ANSYS Software Pvt. Ltd., Bengaluru (GSTIN 29AADCA1658E1ZT)

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 30/2019, Date: 12-09-2019 Dated **12.09.2019**

Q Questions Before the Authority

- Whether Marketing and Pre-Sales Technical Support Services provided by the applicant will be classified as intermediary services in terms of Section 2(13) of the Integrated Goods and Services Tax Act, 2017?
- Whether the Post-Sales Technical Support Services provided by the applicant would be classified as Information Technology Support Services falling under HSN Code 998313?

F Facts

The applicant is the Indian subsidiary of ANSYS Inc., US, which distributes Ansys engineering simulation software in India. For direct orders and Global Orders placed on the US parent, the applicant provides marketing and pre-sales support to the parent for a fee linked to the sales order value, and separately provides 24*7 post-sales troubleshooting support (by e-mail, telephone and web meeting) to end customers under separate contracts with the parent. The applicant states that the two sets of services are governed by separate agreements.

H Ruling

Marketing and pre-sales technical support services: are they intermediary services under Section 2(13) IGST Act?	**Yes. Classified as intermediary services under Section 2(13) of the IGST Act, 2017.**	The authority's findings (para 10.5) discuss Heading 996111 (wholesale trade commission services), but the operative ruling does not state an HSN for this item.
Post-sales technical support services: are they IT support services under HSN 998313?	**Yes. Classified as Information Technology Support Services falling under Service Code 998313.**	Classification is decided on the nature of the service, not on how the consideration is computed. No ruling is given on place of supply, and the ruling is restricted to classification per se.

The authority held that the marketing and pre-sales technical support services are **intermediary services** under Section 2(13) of the IGST Act, 2017, because the applicant arranges and facilitates the parent's supply and does not supply the software on its own account. It held that the post-sales technical support services are **Information Technology Support Services under Service Code 998313** . The ruling is confined to classification and does not address place of supply or valuation.

R Reasoning

On question one, the authority read the dictionary meanings of 'arrange' and 'facilitate' into the Section 2(13) definition of intermediary. It found that the applicant performs pre-sale coordination so that the parent company

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can make its supply, and does not supply on its own account. On question two, the authority held that the percentage-of-order-value method of payment does not determine classification. It relied on the Tribunal's decision in GE India Technology Center (CESTAT Bangalore) and on the explanatory notes to the Scheme of Classification of Services, under which 998313 covers customer support in using or troubleshooting software. It also treated the parent as the recipient under the CGST Act definitions.

P Provisions Relied On

- Section 2(13) of the IGST Act, 2017 (definition of intermediary)
- Section 2(91), 2(93) and 2(105) of the CGST Act, 2017 (as quoted in the order: 'recipient' and 'supplier'; the order cites clause…
- Section 97 and Section 98(4) of the CGST Act and KGST Act, 2017, and Rule 104 of the CGST and KGST Rules, 2017 (proc…
- Notification No. 11/2017 (Rate) dated 28 June 2017, and its annexed Scheme of Classification of Services (Heading 9961, 99…
- Explanatory Notes to the Scheme of Classification of Services issued by CBIC on 12 June 2018
- CESTAT Bangalore decision in GE India Technology Center Pvt. Ltd. [2014 (36) STR 1109 (Tri-Bang)], cited by the applicant…

! For the Practitioner

The ruling is useful for Indian group entities that market or support software for a foreign parent. It supports treating such marketing and pre-sales work as intermediary services, and treating post-sales customer support as IT support under 998313, regardless of how the fee is calculated. It does not decide the rate or HSN for intermediary services (the findings mention 996111 but the ruling does not state it), the place of supply, or valuation. It binds only the applicant.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> kar_aar_30_2019_aspl_12.09.2019.pdf

Prepared 08-11-2026.

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