M/s Asiatic Clinical Research Private Limited, Bangalore (GSTIN 29AAFCA0266N1ZE)

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG/80/2019, Dated: 24th September, 2019 Dated **24.09.2019**

Q Questions Before the Authority

- Whether the services provided by the applicant to the foreign client (AKPA, USA) amount to export of services and are hence zero-rated under GST law.
- Whether the applicant acts as a 'Pure Agent' while receiving amounts from the foreign clients and passing them on to the Local Research Institutions.

F Facts

The applicant is a commercial contract research organisation that manages clinical trials in India for AKPA, a US sponsor, under a Master Services Agreement and work orders. Trials are conducted by local Principal Investigators and institutions, which are paid through the applicant under a tripartite Clinical Trial Agreement. The applicant receives a direct fee and pass-through amounts from AKPA and says it only passes the investigator payments on.

H Ruling

Whether services to the foreign client (AKPA, USA) are export of services and hence zero-rated	**Not answered. The Authority cannot rule on this question.**	Section 97 does not empower the Authority to rule on the place of supply of goods or services, which the export question depends on.
Whether the applicant acts as a Pure Agent in receiving amounts from foreign clients and passing them to Local Research Institutions	**Yes, the applicant qualifies as a pure agent.**	Based on the agreements placed before the Authority. The ruling does not decide the nature of supply by the Principal Investigators or institutions to the sponsor.

The Authority declined to answer the export-of-services question, holding that Section 97 does not empower it to rule on the place of supply. On the pure agent question, it ruled that the applicant qualifies as a pure agent in receiving amounts from foreign clients and passing them to the local institutions, **as provided in the agreements placed before it** . The pure agent ruling is expressly not a ruling on the nature of supply by the investigators and institutions to the sponsor.

R Reasoning

The Authority admitted the application under Section 97(2)(e) of the Act, since the applicant's stated ground under Section 97(2)(b) (notification) did not fit. On the export question it held that the place of supply of the services could not be examined under Section 97. On pure agency, it relied on Rule 33 of the CGST Rules 2017 and its Explanation, and found that the applicant's payments to investigators were made on AKPA's authorisation, were

separately shown, and were not the applicant's own supply. It noted that the applicant's receipts were passed on in full. The Authority also considered that the applicant itself holds the import licence and the trial permission, and the Authority treated this as relevant background without deciding the nature of the supply.

P Provisions Relied On

- Section 97 of the CGST Act, 2017 and corresponding Section 97 of the KGST Act, 2017
- Section 97(2)(b) and Section 97(2)(e), CGST/KGST Acts
- Section 98(4), CGST/KGST Acts
- Rule 104, CGST Rules 2017 and KGST Rules 2017
- Section 7, CGST Act 2017
- Section 13(2) and Section 13(3)(a), IGST Act 2017
- Section 2(6), IGST Act 2017
- Section 16, IGST Act 2017
- Rule 33, CGST Rules 2017 (value of supply in case of pure agent)
- Section 12, Drugs and Cosmetics Act 1940
- Rule 122 and Rule 122A, Drugs and Cosmetics Rules 1945, with Schedule Y

! For the Practitioner

The ruling is useful for CROs and similar intermediaries that pass sponsor money to investigators, since it accepts that such pass-through amounts can fall under Rule 33 when the Explanation's conditions are met on the contract terms. It does not settle whether the service fee is an export, because the Authority declined that question on jurisdictional grounds. The pure agent finding is tied to the specific agreements before the Authority and is expressly not a ruling on the investigators' supply to the sponsor.

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_80_2019_24.09.2019_acrpl.pdf

Prepared 10-11-2026.

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