

AVEVA Software Private Limited

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 24 /AAR/2023 Dated: 20.06.2023

Q Questions Before the Authority

- Whether GST is applicable on sub-licensing of the software by the applicant to end-users in India? If yes, then what shall be the value of supply?
- Whether GST is applicable on the 'Market Support fees' received by the applicant from Central Hub?
- Whether the taxable value for the operating fees paid to Central Hub by the applicant pursuant to the said arrangement shall be determined as per Rule 28 of the Tax Valuation Rules prescribed in CGST Rules 2017?

F Facts

The applicant is a subsidiary of AVEVA Group Plc and acts as a non-exclusive distributor for software products in the territory of India, Sri Lanka, Bangladesh, Nepal, and Maldives. Under an Operating Agreement, the applicant sub-licenses software to end-users and receives 'Market Support fees' from the Central Hub if their profit margin falls below a guaranteed level. The applicant also pays an 'Operating fee' to the Central Hub for the distribution rights granted.

H Ruling

GST applicability on sub-licensing	Taxable as a supply of goods	Value is the actual transaction value charged to the end-user
GST on Market Support fees	Taxable as additional consideration	Forms part of the value of supply under Section 15 of the GST Act
Valuation of operating fees paid to Central Hub	Determined as per Rule 28 of the CGST Rules	Applicable as the parties are related persons

The authority ruled that the sub-licensing of software to end-users in India constitutes a supply of goods subject to GST based on the actual transaction value. Market Support fees received from the Central Hub are considered additional consideration for the supply and form part of the taxable value. The taxable value for the operating fees paid to the Central Hub must be determined in accordance with Rule 28 of the CGST Rules.

R Reasoning

The authority determined that the software supplied is pre-developed and made available via encryption keys, qualifying it as a supply of goods under the CGST Act. Market Support fees were deemed to be **additional consideration** for the supply, as they are received in relation to the applicant's obligations under the agreement. Regarding the operating fees paid to the Central Hub, the authority held that the parties are **related persons**, necessitating valuation under Rule 28 of the CGST Rules rather than Section 15(1).

P Provisions Relied On

Section 7 of the CGST Act

Section 9 of the CGST Act

Section 15 of the CGST Act

Section 2(11) of the IGST Act

Rule 28 of the CGST Rules 2017

Notification No. 1/2017-IT (Rate)

Notification No. 13/2017-CT (Rate)

! For the Practitioner

This ruling clarifies that sub-licensing of pre-developed software is treated as a **supply of goods** rather than services. It provides a precedent for treating performance-based compensation (Market Support fees) as part of the taxable value of supply. Practitioners should note that the valuation of inter-company payments between related entities for distribution rights must strictly adhere to **Rule 28 of the CGST Rules**.

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 -> 24_aar_2023aveva.pdf

Prepared 17-10-2026.

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