M/s CARTUS INDIA PRIVATE LTD

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 92/2019, dated 27th September, 2019 Dated **27.09.2019**

Q Questions Before the Authority

- Whether the gamut of services collectively referred to as 'Relocation Management Service' provided by the Applicant would constitute a composite supply or a mixed supply for the purpose of taxability under GST?

F Facts

The applicant, a Bengaluru company registered under GST in Karnataka, provides Relocation Management Service to corporate clients, covering policy counselling, temporary living, home finding, settling-in, school finding, moving and expense administration. The services are contracted under a Relocation Service Agreement and a Statement of Work, and are offered either as bundled packages at a single consideration or as à la carte services with separate pricing. Under the agreement, the applicant acts as the client's agent, third-party vendors invoice the client directly, and the client pays the applicant a service fee plus reimbursement of direct costs.

H Ruling

Whether the Relocation Management Service package is a composite supply or a mixed supply	**Not a composite supply; a **mixed supply** when billed for a single price where the applicant itself provides the relocation services**	Applies where the relocation related services are actually provided by the applicant. The order does not state the rate applicable to such a mixed supply.
Classification of the services the applicant provides to the company as agent	**A single service of management support services of relocation related services, SAC 9985, covered under entry 23(ii) of Notification 11/2017-Central Tax (Rate)**	Applies to the agency model, where the applicant procures and manages third-party services for the company, which is the recipient.

The Authority ruled that the services supplied by the applicant are not a composite supply. Where they are billed for a **single price** and the relocation services are actually provided by the applicant, they are a mixed supply. The services the applicant provides to the client as agent are management support services for relocation-related services, a single service under SAC 9985 that falls within entry 23(ii) of Notification 11/2017-Central Tax (Rate).

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

R Reasoning

The Authority reproduced the definitions of composite supply in section 2(30) and mixed supply in section 2(74) of the CGST Act. It examined the agreement and found that the company is the recipient, the applicant acts as its pure agent, third-party suppliers invoice the company directly, and each service carries a separate fee. It held that these features show no naturally bundled supply, so the arrangement cannot be a composite supply. Where the applicant itself supplies the individual services for one price, the bundle is a mixed supply, and the applicant is an intermediary facilitating supply of services for the company.

P Provisions Relied On

- Section 2(30) of the CGST Act, 2017 (composite supply)
- Section 2(74) of the CGST Act, 2017 (mixed supply)
- Notification No. 11/2017-Central Tax (Rate), dated 28.06.2017, entry 23(ii)
- SAC 9985

! For the Practitioner

This ruling helps relocation, facilitation and agency-model service providers decide how to classify a bundled package. It confirms that where the provider is a pure agent invoicing a corporate client, the supply is classified as management support services under entry 23(ii). It does not decide the rate for a mixed supply where the provider itself performs the services, and it does not settle the position for providers whose own bundles are naturally bundled in the ordinary course of business.

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_92_2019_27.09.2019_cipl.pdf

Prepared 11-11-2026.

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