

# Five Star Shipping

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-18/2017-18/B- 26 Mumbai, dt. 18/04/2018

Dated 18.04.2018

## Q Questions Before the Authority

- Whether Marine Consultancy Service ("MCS") provided to foreign ship owners constitutes "composite supply" with the principal supply of consultancy service?
- In the alternate, where services are provided to foreign ship owners distinctively as supply of consultancy service and support service with separate and demarcated fees for their consultancy service and for support service: a. Whether consultancy service will qualify as business consultancy service in terms of the scheme of classification of services [Annexure to Notification 11/ 2017 - Central Tax (Rate), dated 28th June, 2017]?
- b. Whether support service qualifies as "intermediary service" in terms of Section 2(13) of the IGST Act?

## F Facts

The applicant provides Marine Consultancy Services comprising market intelligence and commodity trade analysis alongside operational support such as voyage execution monitoring, laytime calculations, and accounts reconciliation to foreign ship owners. The foreign ship owners utilize these inputs to identify charterers and manage freight operations. The applicant contended that these activities form a naturally bundled composite supply with consultancy as the principal supply.

## H Ruling

|                                                |                              |                                                                                                                                              |
|------------------------------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Marine Consultancy Service as composite supply | Answered in the negative.    | Services are not naturally bundled as foreign ship owners may choose to avail only specific services or perform them through in-house staff. |
| Qualification as business consultancy service  | Answered in the negative.    | Services relate directly to marine transportation opportunities rather than general internal management strategy.                            |
| Support service as intermediary service        | Answered in the affirmative. | Operational monitoring and reconciliation require coordinating and interacting with charterers on behalf of ship owners.                     |

The AAR held that the services do not constitute a **composite supply** because the individual service elements can be availed or rendered in isolation. On standalone classification, the consultancy service was held not to qualify as business consultancy service under Heading 9983. Furthermore, the operational support services were held to qualify as an **intermediary service** under Section 2(13) of the IGST Act.

## R Reasoning

The authority observed that under the agreement, foreign ship owners retain the option to perform operational

support services in-house or hire other consultants, showing the services are not **naturally bundled** under Section 2(30) of the CGST Act. Management consultancy involves guiding overall organizational strategy, whereas the applicant's advice pertains directly to transport business opportunities. Finally, carrying out laytime calculations and accounts reconciliation inherently requires interaction between the ship owner and charterers through the applicant, satisfying the definition of an **intermediary** under Section 2(13) of the IGST Act.

## **P Provisions Relied On**

Section 2(30) of the CGST Act, 2017

Section 2(13) of the IGST Act, 2017

Notification No. 11/2017-Central Tax (Rate)

## **! For the Practitioner**

This ruling highlights that contractual flexibility allowing optional or separable performance of services prevents classification as a **composite supply**. It also establishes that post-fixture operational liaison with charterers makes a maritime service provider an **intermediary**, subjecting the fees to local GST liability.

### **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](http://www.gstcouncil.gov.in) -> [maharashtra gst-ara-18 2017 dt 18.4.18 fss.pdf](#)

Prepared 17-10-2026.

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