M/s GDC Dimension Data Pvt. Ltd.

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 57/2019, dated 19th September, 2019 Dated **19.09.2019**

Q Questions Before the Authority

- What is the correct Service Accounting Code (SAC) for IT Support Services in terms of Notification No. 11/2017 - Central Tax (Rate) dated 28 June 2017?
- What is the correct Service Accounting Code (SAC) for IT Managed Services in terms of Notification No. 11/2017 - Central Tax (Rate) dated 28 June 2017?

F Facts

The applicant is a Private Limited company registered under the GST law and a 100% subsidiary of Dimension Data Asia Pacific Pte Ltd, Singapore, whose ultimate parent is NTT of Japan. It operates from Milestone Buildcon IT SEZ in Bangalore and provides IT technical and support services and IT managed services to group entities outside India, which it states are zero-rated supplies under section 16 of the IGST Act, 2017. Its operations commenced on 15.12.2017. The support services range from uptime and proactive support plans covering hardware and software, and the managed services cover data centres, storage, enterprise networks, unified communications and network services.

H Ruling

IT Support Services: correct SAC	****SAC 998313** (Information technology consulting and support services)**	Ruling is limited to classification under Notification 11/2017-CT(Rate). The order does not state the rate of tax. The applicant's own table shows 18% for this code.
IT Managed Services: correct SAC	****SAC 998316** (Information technology infrastructure and network management services)**	Ruling is limited to classification under Notification 11/2017-CT(Rate). The order does not state the rate of tax. The applicant's own table shows 18% for this code.

The authority ruled that the IT Support services are covered under **Service Code 998313** (Information technology consulting and support services) and that the IT Managed services are covered under **Service Code 998316** (Information technology infrastructure and network management services). These are the codes the applicant itself proposed, so the ruling accepts the applicant's classification. The order does not state a rate of tax.

R Reasoning

The authority first placed the services under Heading 9983 (other professional, technical and business services) and Group 99831 (information technology services), and excluded the other groups by elimination. For support

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

services, it found that the work involves advice, troubleshooting, repair and maintenance of both hardware and software, which fits the description in Service Code 998313 covering technical expertise to solve client problems and repair of IT equipment. For managed services, it found that the work involves managing and monitoring a client's IT infrastructure, networks and security systems, which fits Service Code 998316. The authority held the applicant's reliance on the definition of 'information technology software' in the notification to be irrelevant to the classification question. The order does not expressly decide the applicant's specific-over-general argument based on the Customs Tariff interpretive rules and Supreme Court authorities, though the result is consistent with that approach.

P Provisions Relied On

- Notification No. 11/2017 - Central Tax (Rate) dated 28 June 2017, including its Annexure (Scheme of Classification of Service…
- Section 97 and Section 98(4) of the CGST Act, 2017 and the corresponding KGST Act, 2017 provisions (the ruling is passed…
- Rule 104 of the CGST Rules, 2017 and KGST Rules, 2017 (under which the application was filed)
- Section 16 of the IGST Act, 2017 (cited by the applicant as the basis for zero-rating; not ruled upon)
- Notification No. 12/2017-Central Tax and 5/2017-Integrated Tax dated 28 June 2017 (cited by the applicant on HSN reporting…

! For the Practitioner

A practitioner advising IT service providers with hardware and software support or infrastructure management contracts can cite this ruling for classification under SAC 998313 and SAC 998316 under Notification 11/2017. It is binding only on the applicant, and it is a state-level advance ruling, so it has persuasive value only. It does not decide whether the services qualify as zero-rated exports from an SEZ, the applicable rate of tax, or the position for services that are mainly software or hosting. The full order should be read before relying on it, since the reasoning on the specific-over-general argument is not expressly decided.

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_57_2019_19.09.2019_gdc_ddpl.pdf

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