

M/s Habufa Meubelen B.V. (Indian Liaison Office)

Authority for Advance Ruling — Rajasthan

ADVANCE RULING NO. RAJ/AAR/2018-19/05

Dated 16.06.2018

Q Questions Before the Authority

- Whether the reimbursement of expenses and salary paid by M/s Habufa Meubelen B.V.(HO) to the liaison office established in India is liable to GST as supply of service, especially when no consideration for any services is charged/ paid.
- Whether the applicant i.e. the Liaison Office is required to get registered under GST?
- If it is assumed that the reimbursement of expenses and salary claimed by liaison office is a consideration towards a service, then what will be the place of supply of such service?

F Facts

The applicant is the Indian Liaison Office of M/s Habufa Meubelen B.V., Netherlands, established in Jaipur with prior RBI permission to conduct quality control and liaison activities with Indian suppliers. The liaison office does not undertake any commercial, trading, or industrial activity, has no independent revenue or clients, and does not charge any fee or commission. All operational expenses including employee salaries, rent, and utilities are reimbursed on an actual cost basis by the foreign Head Office through normal banking channels.

H Ruling

Reimbursement of expenses and salary by HO to Liaison Office

Not liable to GST

Provided the liaison office does not render consultancy or other services directly/indirectly or possess significant commitment powers on behalf of HO.

Requirement of GST registration for Liaison Office

Not required to get registered under GST

As the applicant makes no taxable supplies under Section 22 of the CGST Act.

The AAR ruled that the **reimbursement of expenses and salary** paid by the foreign Head Office to its Liaison Office in India is **not liable to GST** as a supply of service. Consequently, the Liaison Office is **not required to obtain GST registration** as it makes no taxable supplies.

R Reasoning

The Authority observed that under Section 7 of the CGST Act 2017, a supply requires consideration unless specified under Schedule I. The foreign Head Office and its Liaison Office are not distinct legal entities, and **one cannot supply service to oneself**. Since no fee or consideration is charged by the Liaison Office, the receipt of funds from the Head Office is merely a reimbursement of expenses. Furthermore, as the Liaison Office makes no taxable supplies, the registration requirements under Section 22 and Section 24 of the CGST Act 2017 do not apply.

P Provisions Relied On

Section 7 of CGST Act 2017

Section 9 of CGST Act 2017

Section 22 of CGST Act 2017

Section 24 of CGST Act 2017

Section 2(102) of CGST Act 2017

Schedule I of CGST Act 2017

Schedule II of CGST Act 2017

! For the Practitioner

This ruling establishes that an Indian **liaison office operating strictly within RBI conditions** without independent revenue or commercial contracts is not providing a taxable service to its parent entity. Pure expense reimbursements do not attract GST, relieving such offices from **GST tax liability and registration**. It does not apply if the liaison office undertakes commercial activities or charges a fee.

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 -> raj.05.2018-19_dtd_16.06.18-hmbv.pdf

Prepared 19-10-2026.

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Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com