

M/s. Sampurnam Hosieries Impex Private Limited

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 43 /ARA/2026

Dated 04.05.2026

Q Questions Before the Authority

- The export order is sourced by a Director of the company who is a foreign national - is the payment of commission liable to pay GST?
- Is payment to marketing agents who are foreigners liable to pay GST?
- Is Clearing and Forwarding in Foreign land liable to pay GST?

F Facts

The applicant is an exporter of garments that utilizes services from a foreign director for marketing, foreign marketing agents, and foreign clearing and forwarding (C&F) agents. The director, who owns 99% of the company, receives a 15% commission on FOB value for sourcing orders. Other foreign marketing agents receive a 20% commission, and foreign C&F agents are utilized for shipments.

H Ruling

Commission to foreign director	Liable to GST under reverse charge	Falls under the ambit of Import of Services
Commission to foreign marketing agents	Not liable to GST	Qualifies as intermediary services with place of supply outside India
Charges to foreign C&F agents	Liable to GST under reverse charge	Falls under the ambit of Import of Services

The authority ruled that GST is payable under reverse charge on the commission paid to the foreign director and on charges paid to foreign C&F agents. However, it held that GST is not payable on the commission paid to foreign marketing agents as they qualify as intermediaries whose place of supply is outside India.

R Reasoning

The authority determined that the services provided by the director and C&F agents constitute an **import of services** under Section 2(11) of the IGST Act, 2017, as the supplier is located outside India and the recipient is in India. Consequently, the applicant is liable to pay tax under **reverse charge** per Notification No. 10/2017-Integrated Tax (Rate). Conversely, the marketing agents were classified as intermediaries under Section 2(13) of the IGST Act, 2017, meaning the place of supply is the location of the supplier (outside India) per Section 13(8), thus falling outside the scope of import of services.

P Provisions Relied On

Section 2(11) of the IGST Act, 2017

Section 2(13) of the IGST Act, 2017

Section 7(4) of the IGST Act, 2017

Section 13(2) of the IGST Act, 2017

Section 13(8) of the IGST Act, 2017

Notification No. 10/2017-Integrated Tax (Rate) dated 28.06.2017

! For the Practitioner

This ruling clarifies the taxability of various foreign service providers for an Indian exporter. It highlights the critical distinction between general services, which may attract **reverse charge** as an import of service, and **intermediary services**, which may not be taxable if the place of supply is outside India. Practitioners should carefully evaluate whether a foreign agent acts as an intermediary or provides a direct service to the Indian entity.

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 -> 1-sampurnam_hosieries_aar_order-1.pdf

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