M/s Toshniwal Brothers (SR) Private Limited

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 23 / 2018, dated 19th September, 2018 Dated **19.09.2018**

Q Questions Before the Authority

- Whether pure and mere promotion and marketing services will be "intermediary services" for the purposes of section 12 of the IGST Act, 2017 for determining the place of supply of such services?
- If after-sale support services are also provided under a composite contract, would it then be a composite supply, and what will be the principal supply for such contracts?
- Whether the above contracts would qualify as exports if the client is an overseas entity, in terms of clause (6) of section 2 of the IGST Act, 2017, and be zero-rated supplies under section 16 of the IGST Act, 2017?

F Facts

The applicant, an Indian company, solicits orders in India for scientific instruments made by overseas principals, including demonstrations and reporting, and under a composite arrangement also provides installation, start-up, warranty and after-sale support to Indian end customers. The overseas principals pay in convertible foreign exchange, and the applicant is paid a commission on sales under an agency contract. The applicant contended that it sells its services on its own account, on a principal-to-principal basis, and does not arrange or facilitate the supply of goods.

H Ruling

Whether pure promotion and marketing services are intermediary services for place of supply under IGST s.12	****Yes. The services are intermediary services, not pure promotion and marketing.****	The finding rests on the agency contract, the commission on sales, the applicant's role in negotiating prices and terms, and the fact that the principal can accept or reject the contract. The order does not expressly discuss the GoDaddy ruling the applicant relied on.
Whether after-sale support makes a composite supply and what the principal supply would be	****Not a composite supply. The after-sale services are independent supplies, so no principal supply is determined.****	The incidence of after-sale and warranty services depends on the successful supply of goods, not on the marketing services, so they are not naturally bundled. Each supply is to be valued under section 15 of the CGST Act.
Whether the contracts qualify as export of services and zero-rated supplies under IGST s.2(6) and s.16	**Not answered. The Authority held the question is outside its jurisdiction.**	The Authority said export status depends on place of supply, which it is not competent to determine in advance ruling proceedings.

The Authority held that the applicant's services are not pure promotion and marketing and, because they facilitate the supply of goods, amount to intermediary services for the purposes of determining place of supply. It held that the after-sale services are not a composite supply with the marketing services, are independent supplies, and so

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

no principal supply question arises. It declined to answer whether the contracts qualify as exports, as that turns on place of supply, which it said is outside its jurisdiction.

R Reasoning

The Authority applied the definition of intermediary in section 2(13) of the IGST Act, which covers an agent who arranges or facilitates the supply of goods or services between two persons. It relied on the agency contract, under which the applicant negotiates prices and terms, the principal may refuse to conclude a contract, and commission is calculated on goods sold, and concluded that the predominant nature of the transaction is intermediary. On composite supply, it reasoned that after-sale services are contingent on a successful sale and are not naturally bundled with the marketing services, so they are treated as separate supplies valued under section 15 of the CGST Act. The applicant's arguments on section 2(30) CGST, section 2(93) CGST, section 2(6) IGST and section 13 IGST were recorded, but the Authority did not decide the place of supply or export issues.

P Provisions Relied On

- Section 97 of the CGST Act, 2017, KGST Act, 2017 and IGST Act, 2017 (advance ruling application)
- Rule 104 of the CGST Rules, 2017 and KGST Rules, 2017
- Section 98(4) of the CGST Act, 2017 and KGST Act, 2017
- Section 2(13) of the IGST Act, 2017 (definition of intermediary)
- Section 15 of the CGST Act, 2017 (valuation, applied to the separate supplies)
- Section 2(30) of the CGST Act, 2017 (composite supply), cited by the applicant and considered in the findings
- Section 12 and section 13 of the IGST Act, 2017 (place of supply), referred to in the questions and submissions
- Section 2(6) and section 16 of the IGST Act, 2017 (export of services and zero-rating), referred to in the questions and not de…

! For the Practitioner

This ruling is useful for businesses acting as commission-based agents for foreign principals in India, since a contract that calls the Indian party an agent, ties commission to sales, and leaves the principal free to accept or reject orders was treated as intermediary. It also helps in separating after-sale installation and warranty services from marketing services where their supply depends on a sale. It does not decide place of supply or whether such services qualify as exports and are zero-rated, which the Authority left open. The ruling binds only the applicant and rests on its specific contract terms.

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 -> krntk_23_2018_tbsrpl.pdf

Prepared 24-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

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

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

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

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

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

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

Patron Accounting LLP