

Udayan Cinema Pvt Ltd

Authority for Advance Ruling — West Bengal

45/WBAAR/2018-19 dated 26/02/2019

Q Questions Before the Authority

- Whether the applicant is liable to pay IGST on the reverse charge on payments to be made to CDIVF for line producer services.
- What should be the rate of tax depending upon the classification of the service of a Line Producer.
- Whether the reimbursements made on an actual cost basis will also be subject to IGST.

F Facts

The applicant, an Indian company, intends to produce a feature film with portions shot in Brazil. They propose to appoint CDI Virtual Films Inc. (CDIVF) as a Line Producer to facilitate production services, including hiring local crew and procuring logistics. The applicant seeks to know if these payments are subject to IGST under reverse charge and if reimbursements for actual costs are taxable.

H Ruling

Classification of Line Producer service	SAC 999612	Classified as motion picture production service
Liability to pay IGST on payments	Yes	Liable under reverse charge mechanism
Taxability of reimbursements	Taxable	No deduction available under current contract

The authority held that the services provided by the Line Producer are classifiable as motion picture production services under SAC 999612 and are subject to IGST under reverse charge. It further ruled that no deduction is available for reimbursements made on an actual cost basis under the current contract terms. The applicant is liable to pay IGST at the rate of 18% on the total payments made to the Line Producer.

R Reasoning

The authority determined that the Line Producer is not an intermediary or event manager but is providing an integral **motion picture production service**. Because the recipient is in India and the supplier is in Brazil, the transaction constitutes an **import of service** under section 7(4) of the IGST Act. The authority found that the contract does not establish the Line Producer as a pure agent under rule 33 of the CGST Rules, as the producer retains production rights and bears the risk. Consequently, the entire payment, including reimbursements, is subject to IGST under SI No. 1 of Notification No. 10/2017 – IGST (Rate).

P Provisions Relied On

Section 97(2)(a), (b) & (e) of the GST Act

Section 20(xviii) of the IGST Act, 2017

Section 7(4) of the IGST Act, 2017

Section 13(3) to (13) of the IGST Act, 2017

Notification No. 10/2017 – IGST (Rate) dated 28/06/2017

Notification No. 08/2017 – IT (Rate) dated 28/06/2017

Rule 33 of the CGST Rules, 2017

! For the Practitioner

This ruling clarifies that a Line Producer's services are generally classified as motion picture production services rather than intermediary or event management services. It serves as a warning that reimbursements for actual costs are fully taxable unless the contract explicitly satisfies the strict criteria for a **pure agent** under rule 33. Practitioners should ensure that contracts are drafted with precise language regarding agency status if they intend to exclude reimbursements from the taxable value.

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 -> [wb_45_2018-19_udayan_cinema_pl.pdf](#)

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