

VSERVGLOBAL PRIVATE LIMITED

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 03/2018-19/B- 59, Mumbai, dt. 07.07.2018

Dated **07.07.2018**

Q Questions Before the Authority

- The Applicant Vserv request this Hon'ble Authority to decide as to whether the aforesaid services proposed to be rendered qualify as 'Zero Rated Supply' in terms of Section 16 of the Integrated Goods & Service Tax Act, 2017 or not.

F Facts

The applicant, an Indian company, proposed to provide back-office support, accounting, administrative, and liaison services to overseas clients engaged in international trading. These services included creating purchase orders, tracking shipping documents, liaising with suppliers and inspection authorities, and processing payment requests. The applicant was compensated on a cost-plus basis or fixed monthly amount for facilitating these operational activities for its clients.

H Ruling

Whether proposed back-office support services qualify as Zero Rated Supply under Section 16 of the IGST Act

Answered in the negative.

Classified as intermediary services under Section 2(13), placing the location of supply in India under Section 13(8)(b) of the IGST Act.

The Authority held that the proposed activities constitute facilitating the supply of goods or services between the overseas clients and their customers, bringing the applicant within the definition of an **'intermediary'** under Section 2(13) of the IGST Act, 2017. Consequently, the place of supply is determined by Section 13(8)(b) as the location of the supplier in India. Because the place of supply is not outside India, the services fail to satisfy the conditions of export of services under Section 2(6) and **do not qualify as a Zero Rated Supply** under Section 16.

R Reasoning

The Authority examined the scope of work and concluded that the applicant acts on behalf of overseas clients to coordinate transactions with buyers and suppliers rather than supplying services solely on a principal-to-principal basis. Under Section 2(13) of the IGST Act, 2017, an intermediary includes any person who arranges or facilitates the supply of goods or services between two or more persons. Under Section 13(8)(b) of the IGST Act, 2017, the place of supply for intermediary services is the location of the service provider, which is in Maharashtra, India. Therefore, the condition under Section 2(6)(iii) requiring the place of supply to be outside India is not met, disqualifying the transaction from being an export of services or a zero-rated supply under Section 16 of the IGST Act.

P Provisions Relied On

Section 16 of the Integrated Goods and Services Tax Act, 2017

Section 2(6) of the Integrated Goods and Services Tax Act, 2017

Section 2(13) of the Integrated Goods and Services Tax Act, 2017

Section 13(8)(b) of the Integrated Goods and Services Tax Act, 2017

Section 97 of the Central Goods and Services Tax Act, 2017

Section 98 of the Central Goods and Services Tax Act, 2017

! For the Practitioner

This order illustrates that back-office operational and administrative assistance rendered to foreign clients can be treated as **intermediary services** if the activities involve facilitating transactions between the client and third parties. Tax practitioners should note that establishing a principal-to-principal relationship is critical to claim export of service benefits for support functions.

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 -> [maha-gst-ara-03-b-59 dt.07.07.18 vserv.pdf](#)

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