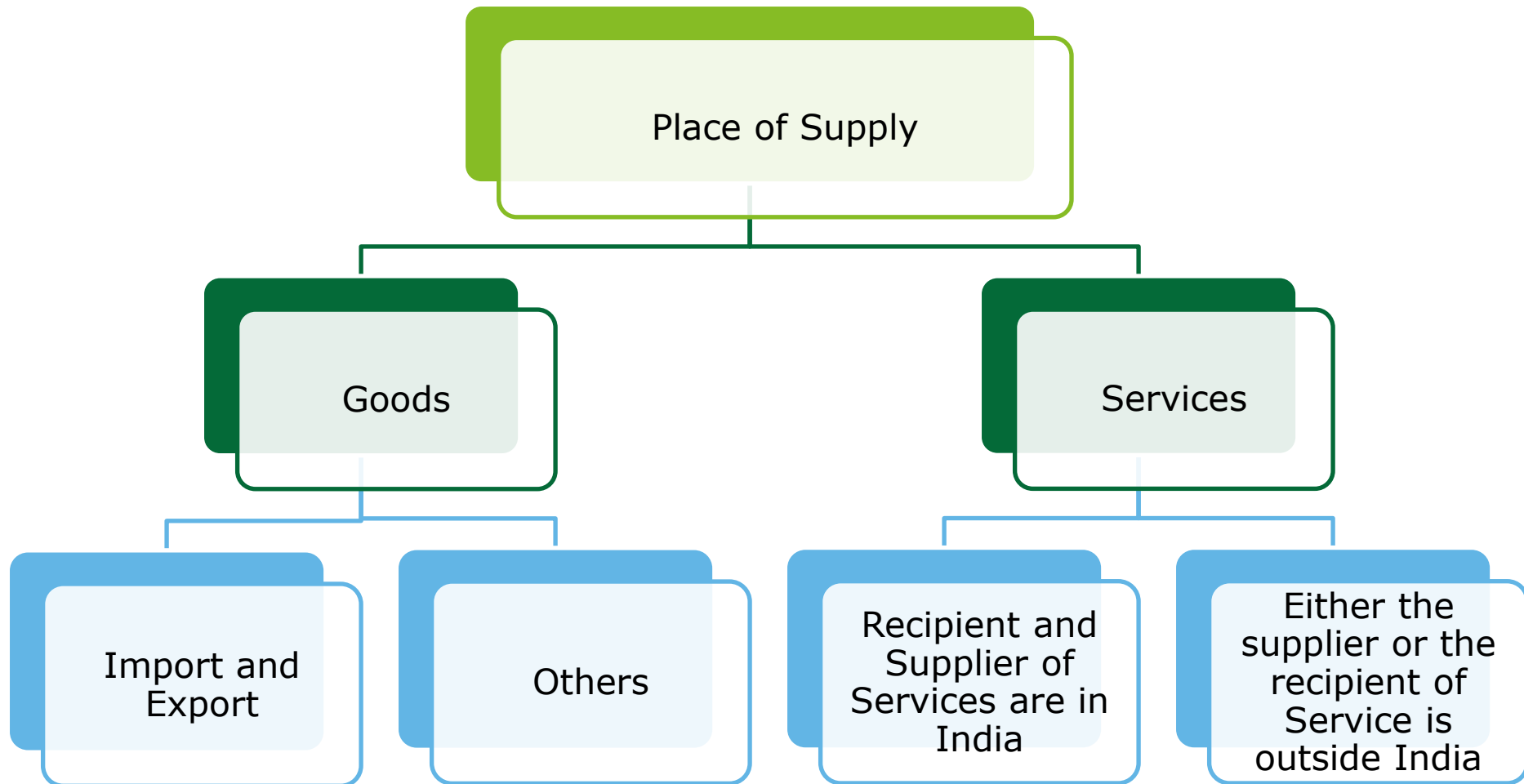




# Place of Supply- An Overview



# Place of Supply of Goods

# Place of Supply of Goods

## Import and Export

Goods Imported into India

Location of Importer

Goods Exported from India

Location outside India

Movement of Goods

Place of Delivery

On direction of a Third Person

Place of third person

## Others

No Movement of Goods

Location of goods at the time of delivery to recipient

Assembled/Installed at Site

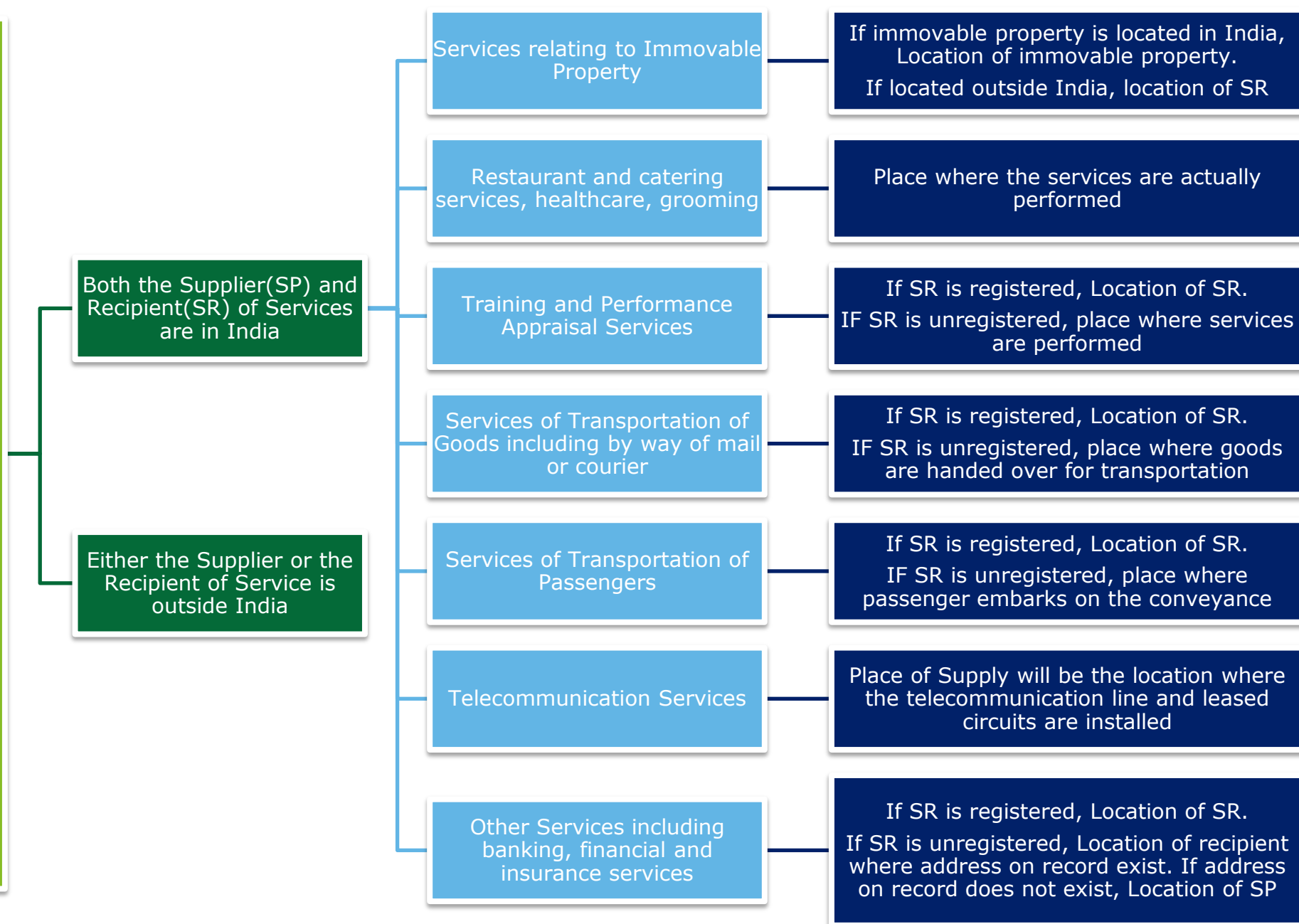
Place of such assembly/installation

Supplies on Board a conveyance

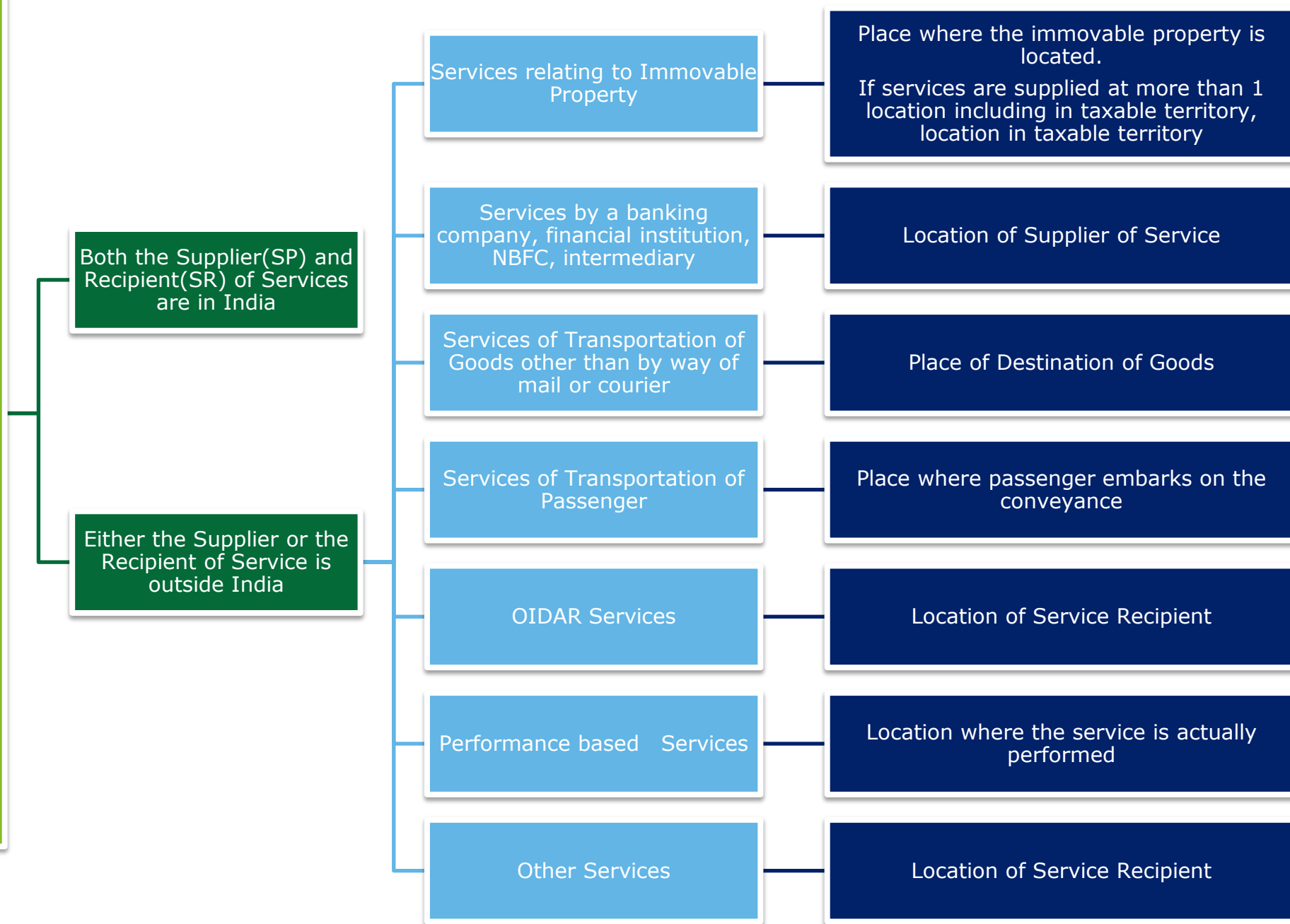
Place where goods are taken on-board

# Place of Supply of Services

# Place of Supply of Services



# Place of Supply of Services



# Place of Supply Issues



# Place of Supply Issues

## Levy of GST on services rendered in the course of export to foreign parties for use outside India and consideration for which is received in convertible foreign exchange



### Background and Issues

- As per section 13 (3) (a) of IGST Act, 2017, R&D, technical testing and analysis, services relating to re-engineering which require the temporary import of equipment, other than for repairs, for carrying out clinical trials, technical testing or re-engineering processes have been subjected to levy of GST for the reason that the goods were worked upon in India even where such agency has exported the services for use outside India and consideration is received in convertible foreign exchange.
- Exports of services relating to R&D, Technical Testing and Analysis, Clinical trials, Re-engineering is emerging as a new big opportunity for technologists and scientists in India similar to what we witnessed in the IT sector.
- Re-export of the article, vehicle or equipment after completion of the R&D, technical testing and analysis is not accepted as a sufficient reason to establish export of service and as a result hampers the growth of such export industry in India.

### Recommendations

- R&D, technical testing and analysis services should be carved out from the performance based provision for place of supply.
- Place of supply for such services should be determined as per the residual provisions based on the location of the recipient of services and thus be treated as export of service and qualify for zero-rating

# Place of Supply Issues



## **Place of supply in case of Accommodation services such as hotels, cruises, campsites:**

### Background and Issues

- As per Section 12 (3)(b) of The Integrated Goods and Services Tax Act, 2017 (IGST Act), place of supply for services by way of lodging accommodation by a hotel, inn or services by way of accommodation in any immovable property for organizing any marriage or reception or matters related thereto, official, social, cultural, religious or business function including services provided in relation to such function at such property shall be the location at which the immovable property, is located or intended to be located.
- Accordingly the supply of such services is always classified as “intra-state” supply and thus CGST and SGST tax is levied.
- Barring some companies in the business of FMCG or services, most corporates are not likely to be registered across all states in India.
- Now since the credit CGST and SGST of one state cannot be cross-utilized against CGST and SGST liabilities of other states, there is an increase in cost for the tax payers which ranges from 18% to 28%.

### Recommendations

- Place of supply of accommodation services provided to registered person shall be the “location of recipient” instead of location of immovable property.
- Place of supply of accommodation services provided to unregistered person shall be the “location of immovable property”.

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