
KEY UPDATES

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SIGNIFICANT NOTIFICATIONS

Sr. No.	Notification No.	Key Update
1.	42/2019 - Central Tax, Dt- 24.09.2019	<p>➤ <u>Central Government seeks to bring rules 10, 11, 12 and 26 of the CGST (Fourth Amendment) Rules, 2019 in to force.</u></p> <p>The Central Government has notified 24th September, 2019 as the date from which the provisions of rules:-</p> <ul style="list-style-type: none"> • 10- Issue of Registration Certificate • 11 - Separate registration for multiple places of business within a State or a Union territory. • 12 - Grant of registration to persons required to deduct tax at source or to collect tax at source and • 26 – Method of Authentication of Registration. <p>of the Central Goods and Services Tax (Fourth Amendment) Rules shall come into force.</p>
2.	43/2019-Central Tax, Dt-30.09.2019	<p>➤ <u>Persons ineligible to opt for Composition Scheme</u></p> <p>Persons engaged in the manufacture of Aerated Water shall not be eligible to opt for Composition levy under section 10(1) of the said Act.</p> <p>➤ This notification shall come into force on the 1st day of October, 2019.</p>

3. 04/2019-
Integrated Tax,
Dt- 30.09.2019

➤ **Place of Supply related to Research and Development Services related to Pharmaceutical Sector.**

The Central Government, on being satisfied that it is necessary in order to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules, notifies following description of services or circumstances as specified in Column (2) of the Table A, in which the place of supply shall be the place of effective use and enjoyment of a service as specified in the corresponding entry in Column (3), namely:

TABLE (A)

Sr. No.	Description of services or circumstances	Place of Supply
1.	Supply of research and development services related to pharmaceutical sector by a person located in taxable territory to a person located in the non-taxable territory.	The place of supply of services shall be the location of the recipient of services subject to fulfillment of the following conditions: (i) Supply of services from the taxable territory are provided as per a contract between the service provider located in taxable territory and service recipient located in non-taxable territory. (ii) Such supply of services fulfills all other conditions in the definition of export of services, except Section 2(6)(iii) of IGST Act, 2017.

TABLE (B)

Sr. No.	Nature of Supply	General Description of Supply
1.	Integrated discovery and development	This process involves discovery and development of molecules by pharmaceutical sector for medicinal use. The steps include designing of compound, evaluation of the drug metabolism, biological activity, manufacture of target compounds, stability study and long-term toxicology impact.
2.	Integrated development	
3.	Evaluation of the efficacy of new chemical/ biological entities in animal models of disease.	This is in vivo research (i.e. within the animal) and involves development of customized animal model diseases and administration of novel chemical in doses to animals to evaluate the gene and protein expression in response to disease. In nutshell, this process tries to discover if a novel chemical entity that can reduce or modify the severity of diseases. The novel chemical is supplied by the service recipient located in non-taxable territory.
4.	Evaluation of biological activity of novel chemical/ biological entities in in-vitro assays	This is in vitro research (i.e. outside the animal). An assay is first developed and then the novel chemical is supplied by the service recipient located in non-taxable territory and is evaluated in the assay under optimized conditions.

			5.	Drug metabolism and pharmacokinetics of new chemical entities	This process involves investigation whether a new compound synthesized by supplier can be developed as new drug to treat human diseases in respect of solubility, stability in body fluids, stability in liver tissue and its toxic effect on body tissues. Promising compounds are further evaluated in animal experiments using rat and mice.
			6.	Safety Assessment/ Toxicology	Safety assessment involves evaluation of new chemical entities in laboratory research animal models to support filing of investigational new drug and new drug application. Toxicology team analyses the potential toxicity of a drug to enable fast and effective drug development.
			7.	Stability Studies	Stability studies are conducted to support formulation, development, safety and efficacy of a new drug. It is also done to ascertain the quality and shelf life of the drug in their intended packaging configuration.
			8.	Bio-equivalence and Bioavailability Studies	Bio-equivalence is a term in pharmacokinetics used to assess the expected in vivo biological equivalence of two proprietary preparations of a drug. If two products are said to be bioequivalent it means that they would be expected to be, for all intents and purposes, the same. Bioavailability is a measurement of the rate and

				extent to which a therapeutically active chemical is absorbed from a drug product into the systemic circulation and becomes available at the site of action.	
			9.	Clinical trials	The drugs that are developed for human consumption would undergo human testing to confirm its utility and safety before being registered for marketing. The clinical trials help in collection of information related to drugs profile in human body such as absorption, distribution, metabolism, excretion and interaction. It allows choice of safe dosage.
			10.	Bio analytical studies	Bio analysis is a sub-discipline of analytical chemistry covering the quantitative measurement of drugs and their metabolites, and biological molecules in unnatural locations or concentrations and macromolecules, proteins, DNA, large molecule drugs and metabolites in biological systems.

➤ This notification shall come into force on the **1st day of October, 2019.**

4.	02/2019- Compensation Cess (Rate), Dt- 30.09.2019	<ul style="list-style-type: none"> ➤ As per Section 8 of the Goods and Services Tax (Compensation to States) Act, 2017, cess shall be levied on Caffeinated Beverages at the rate of 12%. ➤ Motor vehicles for the transport of not more than 13 persons, including the driver, other than the Petrol, Liquefied petroleum gases (LPG) or Compressed Natural Gas (CNG) driven motor vehicles of engine capacity not exceeding 1200cc and of length not exceeding 4000 mm, Diesel driven motor vehicles of engine capacity not exceeding 1500 cc and of length not exceeding 4000 mm, cess shall be levied at the rate of 15%. ➤ NIL Rate of cess for Motor vehicles of length not exceeding 4000 mm, namely: - <ul style="list-style-type: none"> a) Petrol, Liquefied petroleum gases (LPG) or compressed natural gas (CNG) driven vehicles of engine capacity not exceeding 1200 cc; and b) Diesel driven vehicles of engine capacity not exceeding 1500 cc <p>for persons with orthopedic physical disability, subject to the condition that an officer not below the rank of Deputy Secretary to the Government of India in the Department of Heavy Industries certifies that the said goods shall be used by the persons with orthopedic physical disability in accordance with the guidelines issued by the said Department, cess is levied at NIL rate.</p>
	03/2019- Compensation Cess(Rate), Dt- 30.09.2019	<ul style="list-style-type: none"> ➤ <u>No refund of unutilized input tax credit of compensation cess shall be allowed u/s 54(3)(ii) of CGST Act, 2017.</u> <p>A registered person is not allowed to claim refund of any unutilized input tax credit of compensation cess in respect of Tobacco and manufactured tobacco substitutes, where the credit has accumulated on account of rate of compensation cess on inputs being higher than the rate of compensation cess on the output supplies of such goods (other than nil rated or fully exempt supplies).</p>
6.	14/2019 - Central Tax (Rate), Dt- 30.09.2019; 14/2019- Integrated Tax (Rate), Dt. 30.09.2019	<ul style="list-style-type: none"> ➤ <u>Specifies the effective GST rates for specified goods, to give effect to the recommendations of the GST Council in its 37th meeting dated 20.09.2019 and have come into effect from 1st October, 2019.</u>

	<p>And</p> <p>14/2019-Union Territory tax(rate), Dt. 30.09.2019</p>	
7.	<p>15/2019 - Central Tax (Rate), Dt- 30.09.2019;</p> <p>15/2019-Integrated Tax (Rate), Dt. 30.09.2019</p> <p>And</p> <p>Union Territory Tax (Rate) Notifications 15/2019-Union Territory tax(rate), Dt. 30.09.2019</p>	<p>➤ <u>Seeks to grant exemption to dried tamarind and cups, plates made of leaves, bark and flowers of plants.</u></p> <p>The Notification exempts dried tamarind, and plates and cups made up all kinds of leaves/flowers/bark from the whole of GST leviable thereon.</p> <p>This notification shall come into force from 1st October, 2019.</p>
8.	<p>16/2019 - Central Tax (Rate), Dt- 30.09.2019;</p> <p>16/2019-Integrated Tax (Rate), Dt. 30.09.2019;</p> <p>16/2019-Union Territory tax(rate), Dt. 30.09.2019</p> <p>And</p> <p>37/2019-MGST Act, Dt-21.08.2019.</p>	<p>➤ <u>Seeks to extend concessional GST rates to specified projects under HELP/AOLP</u></p> <p>Concessional rate of 2.5% shall be applicable on goods required in connection with Petroleum operations or coal bed methane operations undertaken under specified contracts under the Hydrocarbon Exploration Licensing Policy (HELP) or Open Acreage Licensing Policy (OALP).</p> <p>Provided that where the said goods so supplied are sought to be disposed of in non-serviceable form, after mutilation, the recipient of outward supply or the transferee, as the case may be, may at his option, pay the tax at the rate of 9 per cent. on transaction value of such goods subject to the condition that the recipient of outward supply or the transferee, as the case may be, produces before the Deputy Commissioner of Central tax or the Assistant Commissioner of Central tax or the Deputy Commissioner of State tax or the Assistant Commissioner of State tax, as the case may be, having jurisdiction over the supplier of goods, a certificate from a duly authorised officer of the Directorate General of Hydro Carbons in the Ministry of Petroleum and</p>

		<p>Natural Gas, Government of India, to the effect that the said goods are non-serviceable and have been mutilated before disposal.</p> <p>This notification shall come into force from 1st October, 2019.</p>
9.	<p>17/2019 - Central Tax (Rate), Dt- 30.09.2019,</p> <p>17/2019- Integrated Tax (Rate), Dt. 30.09.2019</p> <p>And</p> <p>17/2019-Union Territory tax(rate), Dt. 30.09.2019</p>	<p>➤ <u>Seeks to exempt GST on supplies of silver and platinum by nominated agencies to registered persons.</u></p> <p>The Central Government under Notification No. 26/2018, exempted supply of gold when it is supplied by Nominated Agency under the scheme for “Export against supply by Nominated Agency” to a Registered Person subject to conditions mentioned in the said notification.</p> <p>Now, even Silver and Platinum has been included along with Gold with the same exemption conditions.</p> <p>This notification shall come into force from 1st October, 2019.</p>
10.	<p>18/2019-Central Tax (Rate), Dt- 30.09.2019</p> <p>And</p> <p>18/2019-Union Territory tax(rate), Dt. 30.09.2019</p>	<p>➤ <u>Composition scheme for supplier of services with a tax rate of 6% (3% CGST and SGST/UTGST each) having annual turnover in preceding year upto Rs 50 lakhs</u></p> <ul style="list-style-type: none"> • <u>Supplies are made by a registered person:</u> <ul style="list-style-type: none"> ❖ <u>Conditions are as follows:</u> <ol style="list-style-type: none"> (i) Whose aggregate turnover in the preceding financial year was Rs. 50 lakh or below. (ii) Who is not eligible to pay tax under section 10 (1) of the said Act (iii) Who is not engaged in making any supply which is not leviable to tax under the said Act; (iv) Who is not engaged in making any inter-State outward supply. (v) Who is neither a casual taxable person nor a non-resident taxable person. (vi) Who is not engaged in making any supply through an electronic commerce operator who is required to collect tax at source under section 52.

		<p>(vii) Who is not engaged in making supplies of the following goods - Ice cream and other edible ice, whether or not containing cocoa, Pan masala, tobacco & tobacco manufactured substitutes and Aerated water.</p> <ul style="list-style-type: none"> This notification shall come into force on the 1st October, 2019 															
11.	<p>19/2019-Central Tax (Rate), Dt- 30.09.2019;</p> <p>18/2019-Integrated Tax (Rate), Dt. 30.09.2019</p> <p>And</p> <p>19/2019-Union Territory tax(rate), Dt. 30.09.2019</p>	<p>➤ <u>Exemption for supply of goods for specified projects to Food and Agricultural Organization of the United Nations (FAO).</u></p> <p>The Central Government, hereby exempts, all the goods supplied to FAO for execution of projects, subject to the condition that an officer not below the rank of Deputy Secretary to the Government of India in the Ministry of Agriculture and Farmers Welfare certifies, namely:-</p> <p>(i) The quantity and description of the goods; and</p> <p>(ii) That the said goods are intended for the purpose of use in execution of said projects</p> <p>Only for the projects mentioned as follows :-</p> <ol style="list-style-type: none"> 1) Strengthening Capacities for Nutrition-sensitive Agriculture and Food systems, 2) Green Ag: Transforming Indian Agriculture for Global Environment benefits and the conservation of Critical Biodiversity and Forest landscape. <ul style="list-style-type: none"> This notification shall come into force on the 1st October, 2019. 															
12.	<p>20/2019-Central Tax (Rate), Dt- 30.09.2019;</p> <p>19/2019-Integrated Tax (Rate), Dt. 30.09.2019</p> <p>And</p> <p>20/2019-Union Territory tax(rate), Dt. 30.09.2019</p>	<p>➤ <u>The Central Government further amends the GST Rates of Specified Services:</u></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Old Rate</th> <th>New Rate</th> </tr> </thead> <tbody> <tr> <td>Hotel Accommodation Service.</td> <td></td> <td></td> </tr> <tr> <td>a) Value of Supply less than Rs. 1,000</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>b) Value of Supply equals to Rs.1,000</td> <td>12%</td> <td>Nil</td> </tr> <tr> <td>c) Value of supply of a unit above Rs. 1,000 but less than or equal to Rs. 7,500</td> <td>≥Rs.1,000 < 2,500; 12%</td> <td>12%</td> </tr> </tbody> </table>	Particulars	Old Rate	New Rate	Hotel Accommodation Service.			a) Value of Supply less than Rs. 1,000	Nil	Nil	b) Value of Supply equals to Rs.1,000	12%	Nil	c) Value of supply of a unit above Rs. 1,000 but less than or equal to Rs. 7,500	≥Rs.1,000 < 2,500; 12%	12%
Particulars	Old Rate	New Rate															
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c) Value of supply of a unit above Rs. 1,000 but less than or equal to Rs. 7,500	≥Rs.1,000 < 2,500; 12%	12%															

			≥Rs.2,500 < 7,500; 18% = 7,500; 28%	
		d) Value of supply of a unit above Rs. 7,500	28%	18%
		Restaurant Service		
		<u>At premises other than Specified Premises</u>		
		a) Having declared tariff of any unit of accommodation of Rs. 7500.	18% with ITC	5% with no ITC
		b) Having declared tariff of units of accommodation less than Rs. 7,500.	5% with no ITC	5% with no ITC
		<u>At Specified Premises</u>		
		a) having declared tariff of any unit of accommodation above Rs. 7500	18% with ITC	18% with ITC
		<u>Other accommodation, food and beverage services</u>		
		a) Supply of goods, being food or any other article for human consumption or any drink, by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms.		5% with No ITC
		b) Other Accommodation, food and beverage services	18% with ITC	18% with ITC
		<u>Explanation</u> - GST @ 5% with no ITC given for outdoor catering and restaurant services is mandatory.		

<u>Outdoor Catering Services</u>		
Outdoor Catering and Composite Supply of Outdoor Catering and normal supply of Outdoor Catering at premises other than specified premises		5% with No ITC
Supply of outdoor catering, provided by suppliers providing hotel accommodation at specified premises, or suppliers located in specified premises.		18% with ITC
Composite supply of outdoor catering together with renting of premises provided by suppliers Providing hotel accommodation at specified premises, or suppliers located in specified premises		18% with ITC

Relevant Definitions under the Notification

- a) **Restaurant service** means supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied.
 - b) **Outdoor catering** means supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, at Exhibition Halls, Events, Conferences, Marriage Halls and other outdoor or indoor functions that are event based and occasional in nature.
 - c) **Hotel accommodation** means supply, by way of accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes including the supply of time share usage rights by way of accommodation.
 - d) **Specified premises** means premises providing hotel accommodation services having declared tariff of any unit of accommodation above seven thousand five hundred rupees per unit per day or equivalent.
- Rental Services of transport vehicle **with operators** shall be taxed @18% (i.e. 9% CGST and 9% SGST).

		<ul style="list-style-type: none"> ➤ Other professional, technical and business services relating to exploration, mining or drilling of petroleum crude or natural gas or both shall be taxed @12% (i.e. 6%CGST and 6% SGST) ➤ Services by way of job work in relation to diamonds falling under chapter 7 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975) shall be charged @ 1.5 % (0.75% CGST and 0.75% SGST). ➤ Services by way of job work in relation to bus body building shall be charged @ 18% (i.e. 9% CGST and 9% SGST) ➤ Leasing or rental services, without operator, other than the following:- <ul style="list-style-type: none"> • Temporary or permanent transfer or permitting the use or enjoyment of Intellectual Property (IP) right in respect of goods other than Information Technology software. • Temporary or permanent transfer or permitting the use or enjoyment of Intellectual Property (IP) right in respect of Information Technology software. • Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration. • Any transfer of right in goods or of undivided share in goods without the transfer of title thereof. Leasing or rental services, with or without operator, other than (i), (ii), (iii), (iv) and (v) above. • Time charter of vessels for transport of goods. <p style="text-align: center;">Shall be taxed at the same rate of central tax as applicable on supply of like goods involving transfer of title in goods.</p> ➤ Services by way of job work other than – <ul style="list-style-type: none"> • Services by way of job work in relation to diamonds falling under chapter 7 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975) shall be charged @ 1.5 % (0.75% CGST and 0.75% SGST). • Services by way of job work in relation to bus body building shall be charged @ 18% (i.e. 9% CGST and 9% SGST).
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13.	<p>21/2019-Central Tax (Rate), Dt- 30.09.2019;</p> <p>20/2019-Integrated Tax (Rate), Dt. 30.09.2019</p> <p>And</p> <p>21/2019-Union Territory tax(rate), Dt. 30.09.2019</p>	<p>➤ <u>Central Government exempts the following Intra State services -</u></p> <table border="1"> <thead> <tr> <th data-bbox="589 195 1052 268">AS PER PREVIOUS PROVISIONS</th> <th data-bbox="1060 195 1523 268">AS PER AMENDMENT</th> </tr> </thead> <tbody> <tr> <td data-bbox="589 279 1052 793"> <ul style="list-style-type: none"> Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to twenty lakh rupees (ten lakh rupees in case of a special category state) in the preceding financial year. </td> <td data-bbox="1060 279 1523 793"> <ul style="list-style-type: none"> Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to such amount in the preceding financial year as makes it eligible for exemption from registration under the Central Goods and Services Tax Act, 2017. </td> </tr> <tr> <td data-bbox="589 804 1052 1098">-</td> <td data-bbox="1060 804 1523 1098"> <ul style="list-style-type: none"> Services provided by and to Federation International de Football Association (FIFA) and its subsidiaries directly or indirectly related to any of the events under FIFA U-17 Women's World Cup 2020 to be hosted in India. </td> </tr> <tr> <td data-bbox="589 1108 1052 1476"> <ul style="list-style-type: none"> Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent. </td> <td data-bbox="1060 1108 1523 1476"> <ul style="list-style-type: none"> Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below or equal to one thousand rupees per day or equivalent. </td> </tr> <tr> <td data-bbox="589 1486 1052 1812"> <ul style="list-style-type: none"> Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India. 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		-		<ul style="list-style-type: none"> Services by way of storage or warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea.
		-		<ul style="list-style-type: none"> Services of life insurance provided or agreed to be provided by the Central Armed Police Forces (under Ministry of Home Affairs) Group Insurance Funds to their members under the Group Insurance Schemes of the concerned Central Armed Police Force.
		-		<ul style="list-style-type: none"> Services of general Insurance Business provided by Bangla Shasya Bima are exempted.
		<ul style="list-style-type: none"> Services provided by- An arbitral tribunal to – (i) Any person other than a business entity; or (ii) A business entity with an aggregate turnover up to twenty lakh rupees (ten lakh rupees in the case of special category states) in the preceding financial year; 	<ul style="list-style-type: none"> Services provided by- An arbitral tribunal to – (i) Any person other than a business entity; or (ii) A business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the 	

				<p>Central Goods and Services Tax Act, 2017.</p> <ul style="list-style-type: none"> Services by way of right to admission to the events organized under FIFA U-17 Women's World Cup 2020. 									
		<p>➤ This notification shall come into force with effect from the 1st day of October, 2019.</p>											
14.	<p>22/2019- Central Tax (Rate), Dt- 30.09.2019;</p> <p>21/2019- Integrated Tax (Rate), Dt. 30.09.2019</p> <p>And</p> <p>22/2019-Union Territory tax (rate), Dt. 30.09.2019</p>	<p>➤ <u>Services to be considered under Reverse Charge Mechanism from 1st October, 2019</u></p> <p>Following are the list of few services which has been made leviable under Reverse Charge Mechanism subject to certain conditions:</p>	<table border="1"> <thead> <tr> <th><u>Category of Supply of Service</u></th> <th><u>Supplier of Service</u></th> <th><u>Recipient of Service</u></th> </tr> </thead> <tbody> <tr> <td>9 Supply of services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright relating to original dramatic, musical or artistic works to a music company, producer or the like.</td> <td>Music composer, photographer, artist, or the like</td> <td>Music company, producer or the like, located in the taxable territory.</td> </tr> <tr> <td>9A Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright.</td> <td>Author</td> <td> <p>Publisher located in the taxable territory</p> <p>Provided that nothing contained in this entry shall apply where,</p> <p>(i) The author has taken registration under CGST Act and filed a declaration within the prescribed time</p> </td> </tr> </tbody> </table>	<u>Category of Supply of Service</u>	<u>Supplier of Service</u>	<u>Recipient of Service</u>	9 Supply of services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright relating to original dramatic, musical or artistic works to a music company, producer or the like.	Music composer, photographer, artist, or the like	Music company, producer or the like, located in the taxable territory.	9A Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright.	Author	<p>Publisher located in the taxable territory</p> <p>Provided that nothing contained in this entry shall apply where,</p> <p>(i) The author has taken registration under CGST Act and filed a declaration within the prescribed time</p>	
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				<p>limit, he can continue to pay GST under forward charge mechanism and RCM won't apply.</p> <p>(ii) The author makes a declaration, as prescribed in Annexure II on the invoice issued by him in Form GST Inv-I to the publisher.</p>
		<p>15 Services provided by way of renting of a motor vehicle provided to a body corporate.</p>	<p>Any person other than a body corporate, paying central tax at the rate of 2.5% on renting of motor vehicles with input tax credit only of input service in the same line of business.</p>	<p>Any body corporate located in the taxable territory.</p>
		<p>16 Services of lending of securities under Securities Lending Scheme, 1997 ("Scheme") of Securities and Exchange Board of India ("SEBI"), as amended.</p>	<p>Lender i.e. a person who deposits the securities registered in his name or in the name of any other person duly authorised on his behalf with an approved intermediary for the purpose of lending under the Scheme of SEBI</p>	<p>Borrower i.e. a person who borrows the securities under the Scheme through an approved intermediary of SEBI.</p>
		<p>➤ This notification shall come into force on the 1st day of October, 2019.</p>		

<p>15.</p>	<p>23/2019-Central Tax (Rate), Dt-30.09.2019;</p> <p>22/2019-Integrated Tax (Rate), Dt- 30.09.2019</p> <p>And</p> <p>23/2019-Union Territory tax(rate), Dt. 30.09.2019</p>	<p>➤ <u>Provisions relating to Supply of Development Rights.</u></p> <p><u>Amendment of Notification No. 4/2018-C.T.(R) vide Notification No. 23/2019-C.T.(R)</u></p> <p>✓ <u>Where development rights are supplied before 1.04.2019</u></p> <ul style="list-style-type: none"> ○ Notification No. 4/2018-C.T.R. provided for time of supply for construction services and development rights. It provides the time of supply as the time when developer transfers – <ul style="list-style-type: none"> • possession or • the right in the constructed units <p>by entering into a conveyance deed or similar instrument (i.e. allotment letter)</p> <ul style="list-style-type: none"> ○ Now the said notification has been amended to not apply in case where development right has been supplied on or after 1.04.2019 <p>✓ <u>Where development rights are supplied after 1.04.2019</u></p> <ul style="list-style-type: none"> ○ Same is governed by Notification No. 6/2019-C.T.R.
<p>16.</p>	<p>24/2019- Central Tax (Rate), Dt-30.09.2019;</p> <p>23/2019-Integrated Tax (Rate), Dt. 30.09.2019</p> <p>And</p> <p>24/2019-Union Territory tax(rate), Dt. 30.09.2019</p>	<p>➤ <u>Reverse Charge Liability in case of Cement-</u></p> <p>Registered persons shall in respect of supply of specific goods or services or both received from an unregistered supplier shall pay tax on reverse charge basis as recipient of such goods or services or both.</p> <p>In the said notification, in the Table, against serial number 2, for the entry in column (2), the following entry shall be substituted, namely:</p> <ul style="list-style-type: none"> • “Cement falling in chapter heading 2523 in the first schedule to the Customs Tariff Act, 1975 (51 of 1975). • Procurement of cement from unregistered suppliers attracts RCM Liability. • This notification shall come into force with effect from the 1st day of October, 2019.
<p>17.</p>	<p>25/2019-Central Tax (Rate), Dt- 30.09.2019;</p> <p>24/2019-Integrated Tax (Rate) Dt-30.09.2019</p>	<p>➤ <u>Grant of alcoholic liquor licence neither a supply of goods nor a supply of service</u></p> <p>The Central Government has notified that the following activities or transactions undertaken by the State Governments in which they are engaged as public authorities, shall be treated neither as a supply of goods nor a supply of service, namely:-</p>

<p>And</p> <p>Union Territory Tax (Rate) Notifications 25/2019-Union Territory tax(rate), Dt. 30.09.2019</p>	<ul style="list-style-type: none">• Service by way of grant of alcoholic liquor licence, against consideration in the form of licence fee or application fee or by whatever name it is called.
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RECENT CASE LAWS

1. Determination of liability to pay tax on RCM basis for GTA Services

Applicant	Sanjay Kumar Jain
Journal of Publication	RAJ/AAR/2019-20/13
Date of Ruling	02.07.2019
Ruling Authority	Rajasthan Authority for Advance Ruling

FACTS

- The applicant is engaged in the business of cotton seed oil cake popularly known as 'Khal' in business lingo and pays freight on transportation of the same.
- As per the applicant cotton seed oil, having HSN 2306, is exempted under GST.

ISSUE

- Whether the applicant is liable to pay tax on **RCM on the freight paid for transportation of exempted goods?**

HELD

- The applicant submitted that since transportation of various products of human consumption are exempt from GST, other articles of animal consumption are also exempt.
- Cotton seed oil cake, used as cattle feed, is not exempted under GST Act in general and is also **not covered under Exemption Notification 12/2017 dated 28.06.2017.**
- Being recipient of GTA services, the applicant is liable to pay GST under reverse charge mechanism.

2. Determination of taxability on freight, insurance and incidental expenses

Applicant	M/s Aditya Birla Nuvo Limited
Journal of Publication	GUJ/GAAR/R/2018/05
Date of Ruling	04.03.2019
Ruling Authority	Gujarat Authority for Advance Ruling

FACTS
<ul style="list-style-type: none">• The applicant is engaged in providing goods to Power Grid Corporation of India Ltd. The applicant has charged GST on freight and insurance incurred on supply to PGCIL.• The applicant is of the opinion that GST is to be charged on freight and insurance as it falls under the definition of composite supply.
ISSUE
<ul style="list-style-type: none">• Whether the supply of freight and insurance is considered as a composite supply along with the taxable supply of goods.• Whether showing and charging freight and insurance separately would attract GST.• Whether any other incidental expenses as defined u/s 15(2) includes freight and insurance being reimbursed by the buyer on a pre contracted basis.
HELD
<ul style="list-style-type: none">• <u>As per Section 2(30) of CGST Act, 2017</u> if the goods are supplied with insurance, then the supply of goods, packing material, transport and insurance is a composite supply. Hence, the supply of freight and electricity is considered as a composite supply along with the taxable supply of goods.• As per the Appellate Authority, there cannot be different type of treatments of tax liability on supply of goods or services which are naturally bundled together.• Where the value of freight as per pre contracted fixed freight per unit of product is different from the actual cost, <u>the higher of the two value shall be included in the value of composite supply.</u>

3. In GST regime, SGST and CGST charged for services provided and availed in a State would be eligible for ITC within that particular State where such services were provided and consumed

Applicant	M/s IMF Cognitive Technology Pvt. Ltd.
Journal of Publication	RAJ/AAAR/2019-20
Date of Ruling	25.05.19
Ruling Authority	Rajasthan Authority for Advance Ruling

FACTS
<ul style="list-style-type: none"> The applicant company is engaged in development, designing and trading in all type of computer software and is also engaged in export of software. <u>In case of procurement of inward supplies from other States, at times supplier charges CGST and SGST of the State of supplier.</u> For example, the applicant is registered in the State of Rajasthan and if it procures services of short term accommodation (i.e., hotel) in Haryana, the supplier (i.e. hotel) normally charges of CGST and SGST of that State, due to the reason of place of supply being in the State of supplier. In the instant case under the hotel services which are procured in the State of Haryana the registered person has paid the CGST (i.e. Central Tax) and Haryana SGST. Such hotel services are being used exclusively for the purposes of business of the applicant i.e., for meeting with prospective buyers and vendors.
ISSUE
<ul style="list-style-type: none"> Whether the input tax credit of Central Tax paid in Haryana be available to the applicant who is registered in Rajasthan State, whereby such tax is paid on inward supplies used for business of person registered in Rajasthan?
HELD
<ul style="list-style-type: none"> The basic principle behind the provisions relating to the place of supply is that GST is a destination based tax. Thus, tax is finally payable where goods and services are consumed. In the instant case the applicant who is registered in State of Rajasthan has availed and consumed accommodation services provided by a hotel located outside the State of Rajasthan. <u>Therefore, it is observed that in the GST regime SGST and CGST charged for the services provided and availed in a State would be eligible for ITC within that particular State where such services were provided and consumed.</u> As the supplier of services and place of supply both are outside the State of Rajasthan, hence, Input tax credit of Central Tax paid in Haryana is not available to the applicant.

- Thus, input tax credit of Central Tax paid in Haryana is not available to the applicant who is registered in State of Rajasthan

4. Leviability of GST on notional processing fees provided by way of loans.

Applicant	Gujarat State Financial Services Ltd
Journal of Publication	GUJ/GAAR/R/10/2019
Date of Ruling:	27 th June 2019
Ruling Authority	Gujarat Authority of Advance Ruling.

FACTS
<ul style="list-style-type: none">• The applicant is a wholly owned subsidiary of Government of Gujarat having 100% holding and is registered with RBI as a NBFC. It has been given the mandate by the State Government to manage surplus funds of various state owned entities.• The funds received by the applicant from the Government entities are provided to other Gujarat state owned entities as loans, which are in need of funds.• The loans provided by the applicant are kept hassle free in nature without any Incremental cost over and above interest rate. Therefore, since beginning the applicant does not charge any kind of financial/ processing fees for providing financial assistance in the form of loans to Government entities other than interest.
ISSUE
<ul style="list-style-type: none">• The Applicant is providing financial assistance in the form of loan to various Government of Gujarat entities, whether all such Gujarat State owned entities and GSFS become related persons in GST?• The applicant is not charging any processing fees/ any other charges, for providing to Government of Gujarat State owned entities, and interest being charged as full consideration, then whether GST will be chargeable on notional processing fees, provided by way of loans to Gujarat State owned entities?
HELD
<ul style="list-style-type: none">• The relationship between the applicant and Government or Government entities is that of related person as defined under <u>Section 15 of CGST Act, 2017 and Gujarat Goods and Services Tax Act, 2017.</u>• As there is no consideration other than interest, the services by the applicant is covered under <u>sub entry (a) of entry 27 of Notification No. 12/2017-Central Tax (Rate)</u> under CGST Act, 2017 and <u>corresponding State Notification No. 12/2017-State Tax (Rate)</u> under CGST Act, 2017. Therefore the question of charging GST on notional consideration does not arise in this case. If they actually charge processing fees or any other charges, other than interest, then applicant will be liable for GST.

5. Determination of liability to pay tax on any goods or services or both

Applicant	M/s. Rajkot Nagarik Sahakari Bank Ltd
Journal of Publication	AR/CGST/2018/AR/1
Date of Ruling	15.05.2019
Ruling Authority	Gujarat Authority of Advance Ruling.

FACTS

- The applicant is providing various services under the category of financial and related services.
- It also provides various services for the operation of Demat account to various account holders as well as to persons who intend to operate only their Demat account.
- The applicant is running the following 2 schemes for the same namely Basic Service Demat Account and Rajkot Nagarik Investor Scheme.

ISSUE

- Whether the refundable interest free deposit received could be treated as supply under the provisions of CGST Act, 2017 and chargeable to tax in the hands of the applicant?
- Whether the amount of Rs. 2,500/- being refundable interest fee deposit which allows depositor same benefits would attract GST?
- Whether 10 free transactions subject to maximum of Rs 5Lakhs allowed to Demat Account holders depositing refundable free deposit would attract GST?

HELD

- Refundable interest free deposit (RIFD) received cannot be treated as supply but whether services provided by the applicant against the RIFD could be treated as supply and chargeable to tax is the question under consideration in this case.
- Here, the refundable interest free deposit are an additional commercial consideration to cover risk of the Demat account and also the main purpose of the deposit is not only security but also collection of capital.
- Thus, the RIFD are the consideration for services provided by RNSB and services provided by RNSB can be treated as supply and chargeable to tax in the hands of applicant.
- Also, with reference to the second issue, amount of Rs. 2,500/- will **not attract GST since it is deposit in nature unless the supplier applies such deposit as consideration.** However, the monetary value of the act of providing this deposit will attract GST.

- First 10 free transactions are **in the nature of discount and will not attract GST subject to fulfillment of conditions prescribed under section 15(3) of the CGST Act, 2017.**

6. High Court says filing Transitional credit is a vested right can't be taken out even if the supplier has not filed TRAN-1/ TRAN-2

Applicant	M/S Siddharth Enterprises v/s The Nodal Officer
Journal of Publication	R/Special Civil Application No: 5758
Date of Ruling	6th September 2019
Ruling Authority	High Court of Gujarat

FACTS
<ul style="list-style-type: none"> • The applicant is a partnership firm having its registered office at Bharuch and is in the business of import-export and distributor of branded housewares. Writ application has been filed seeking appropriate writ, order or direction to the respondents for being permitted to file declaration in the Form GST TRAN-1 and GST TRAN-2 respectively to enable the writ-applicants to claim transitional the credit of the eligible duties in respect of the inputs held in the stock on the appointed day in terms of Section 140(3) of the Central Goods and Services Tax Act, 2017 read with Rule 117 of the Central Goods and Services Tax Rules, 2017. • It is the case of the writ-applicants that the declaration in the form GST TRAN-1 could not be filed on account of the technical glitches in terms of poor network connectivity and other technical difficulties on the common portal. The writ-applicants, in the alternative, have prayed for a declaration that the due date contemplated under Rule 117 of the Rules to claim transitional credit is procedural in nature, and thus, merely directory and not a mandatory provision. • Without giving any opportunity of hearing to his clients, the office of the Nodal Officer reached to the conclusion that the writ-applicants had neither tried for saving/submitting or filing the form GST TRAN- 1 as per the GST System Logs. Learned counsel submitted that this could be termed as violative of the principles of natural justice.
ISSUE
<ul style="list-style-type: none"> • Whether transitional credit can be availed after the due date for filing TRAN-1/ TRAN-2 has been lapsed?
HELD
<ul style="list-style-type: none"> • Section 140(3) of the CGST Act provides for a substantive right which cannot be curtailed or defeated on account of the procedural lapses. The entitlement of the credit of carrying forward of the eligible duties is a vested right. The rights accrued under the existing law have been saved by the CGST Act. The right to carry forward the CENVAT credit is a constitutional right. It is arbitrary, irrational and unreasonable to discriminate in terms of the time limit to allow the availment of the input tax credit with respect to the purchase of the goods and services made in the pre-GST regime and post-GST regime and the same could be termed as violative of Article 14 of the Constitution of India. The doctrine of

legitimate expectation also could be said to be violated. By not allowing the right to carry forward the CENVAT credit for not being able to file the form GST TRAN-1 within the due date would definitely have a serious impact on the working capital of the writ-applicants and such action could be termed as violative of **Article 19(1)(g) of the Constitution of India**. The liability to pay GST on sale of stock carried forward from the previous tax regime without a corresponding input, the tax credit would lead to double taxation on the same subject matter. The action could be also termed as **violative of Article 300A of the Constitution of India**.

- High Court directed to permit the writ applicants to allow the filing of declaration in form GST TRAN-1 and GST TRAN-2 so as to enable them to claim transitional credit of the eligible duties in respect of the inputs held in stock on the appointed day in terms of **Section 140(3)** of the Act. It is further declared that the due date contemplated under **Rule 117 of the CGST Rules** for the purposes of claiming transitional credit is procedural in nature and thus should not be construed as a mandatory provision.

7. Determination of whether applicant requires registration in each state it has a place of business in separately

Applicant	Gandhar Oil Refinery(India) Limited
Journal of Publication	GST/ARA/112/2018-19/B-40
Date of Ruling:	25-01-2019
Ruling Authority	Maharashtra Authority for Advance Ruling

FACTS
<ul style="list-style-type: none"> The applicant is engaged in trading activity of non-coking coal in various states and importing the said coal at various ports in India and also purchasing from dealers within India from various States. They have submitted that they obtained provisional GSTIN in the various states only because they were registered in those states under the earlier VAT regime as required under the VAT Laws. Their entire transaction is <u>carried out from Mumbai; agreements for purchase and sale of coal is entered with Head Office/Registered Office at Mumbai; letter of credit and other facilities are opened in the bank which is located in Mumbai; commercial import invoice made by the seller is also in the name of office located in Mumbai.</u>
ISSUE
<ul style="list-style-type: none"> Whether the applicant can adopt the procedure to raise the invoice from Mumbai Head Office/Registered Office at Mumbai for imports received at various ports, located in various states in India and charge IGST from Mumbai to our customers in various state is proper or not. If the applicant cancel separate registration in various state can we do the transaction on Mumbai Head Office GSTN, then in case of issuance of E-way bill is it correct to mention the GSTN of Mumbai and mention dispatch place of port of respective state/port.
HELD
<ul style="list-style-type: none"> It was held that <u>the place from where the applicant makes a taxable supply of goods shall be his location</u>, in this case, the Mumbai Head Office/Registered Office at Mumbai and even if the applicant has godowns in different states, the applicant can clear the goods on the basis of invoices issued by the Mumbai Head Office/Registered Office at Mumbai <u>on payment of IGST in the State of Maharashtra</u> and therefore they <u>need not take separate registration in other states.</u>

8. Supply of Maritime Products from bonded warehouse to vessels not liable to GST

Applicant	Wilhelmsen Maritime Services Private Ltd
Journal of Publication	GST-ARA, Application No. 136
Date of Ruling	15 th June 2019
Ruling Authority	Maharashtra Authority of Advance Ruling

FACTS

- Wilhelmsen Maritime Services Pvt Ltd, has the largest maritime services network in the world supplying a wide portfolio of maritime goods and services worldwide.
- The applicant imports the goods from foreign countries and keeps them either in Bonded Warehouse or Non-Bonded Warehouse and supplies the same to ships proceeding to a foreign port from the Indian Sea-ports.
- The applicant has levied taxes and paid GST under protest on all “Maritime Products” supplies. If the supply is made from the warehouse to the location in the same state, the applicant has charged CGST and SGST (assuming Intra-State) and if the port is in a different state then IGST (assuming Inter-State).
- The delivery of goods to ship proceeding to a foreign port is done in following ways :
 - (i) The goods can be delivered from the Bonded Warehouse by paying the duty.
 - (ii) The goods can be delivered from the Non-Bonded Warehouse by paying the duty.
 - (iii) The goods can be delivered from the Bonded Warehouse in Bond.

ISSUE

- Whether the delivery of goods to the owner of the ship proceeding to foreign port at the Indian port is covered under Schedule III of the CGST Act, 2017 (“CGST Act”)?
- Whether the taxes paid on the said supply of Maritime Products will be termed eligible as refund of zero rated supplies? If not, then whether the supply will be leviable to CGST & SGST or IGST?

HELD

- The supply of warehoused goods to any person before clearance for home consumption mentioned under **clause 8(a) of Schedule III** is of two types, namely:-
 1. Clearance from Bonded Warehouses to the vessels
 2. Clearance from Non-Bonded Warehouse to the vessels.

- Supply of warehoused goods to any person before clearance for home consumption would cover as clearance from Bonded warehouse to the vessels, hence the supply of maritime products, in such a case will fall under **Schedule III of CGST Act**.
- Further it was held that clearance from non-bonded warehouse to the vessels would cover as the imported goods would have been cleared to such non-bonded warehouses on payment of appropriate IGST/Customs duty and therefore the supply of maritime products on clearance from non-bonded warehouse to the vessels will not fall under **Schedule III of CGST Act**.
- Hence, Supply from Bonded warehouse will fall under **Schedule III of CGST Act** and exempted from GST and supply from Non-Bonded warehouse will not fall under Schedule III of CGST Act and therefore will not be exempted from GST.
- The Hon'ble AAR declined to answer on whether the said service shall be Intra/Inter-State or covered under the ambit of export of goods opining that this particular query is not covered under the purview of **Section 97** and hence cannot be entertained as such.

9. GST on Reimbursement of expenses by foreign company to Indian company

Applicant	M/s Maans Marine Cargo International LLP
Journal of Publication	GST ARA Application No. 04
Date of Ruling	23 rd August, 2019
Ruling Authority	Gujarat Authority of Advance Ruling.

FACTS
<ul style="list-style-type: none">• The applicant, Maans Marine Cargo International LLP is mainly engaged in to management consultancy services to ship owners, logistics services through water in Mumbai. The applicant had applied for GST registration previously but cancelled the same with effect from 28/05/2018 as the turnover was not exceeding the exemption limit.• MSS Marine Ltd is involved in worldwide shipping consultancy and logistics arrangement of cargoes. Primarily their ships trade between several ports in Middle East countries.• The applicant and MSS Marine Ltd proposed to enter into an outsourcing agreement through which the applicant shall provide backend services in respect of foreign business carried out by MSS Marine Hong Kong.
ISSUE
<ul style="list-style-type: none">• Whether GST is applicable on the reimbursement on expenses such as salaries, rent, office expenses, travelling costs etc?• Whether GST will be applicable on the management fees charged by the applicant to the company for managing the job outsourced to them?
HELD
<ul style="list-style-type: none">• The reimbursement received by the applicant pertains to establishment costs which would be incurred by them for running their office in India. In any normal business such expenses are borne by the supplier of service and it is but natural that they would include such costs in the value to be received from the recipient of their services. The provisions of section 15 of the CGST Act, 2017, which deals with the transaction value are very clear and as per the said provisions the valuation of supply will include all costs, including the employee cost provided by one distinct entity to the other distinct entities. Thus, GST will be applicable on such reimbursements.• The company is also liable to charge GST on the management fees charged by the applicant to the company for managing the job outsourced.

10. Determination of the head of the Services provided

Applicant	Asahi Kasei India Pvt. Ltd
Journal of Publication	MAH/AAAR/SS-RJ/01/2019-20
Date of Ruling	19-06-2019
Ruling Authority	Maharashtra Appellate Authority for Advance Ruling

FACTS
<ul style="list-style-type: none">• The respondent AKI, a company incorporated and located in India, is a subsidiary of AK Japan.• The respondent provides sales promotion and marketing support services to AK group.• The respondent has entered into a services agreement dated 1-3-2013 with AK Japan and has also entered into a marketing services agreement dated 1-12-2012 with Bioprocess Division of AK Medical Co. Ltd. (AM).
ISSUE
<ul style="list-style-type: none">• Whether the service supplied by the Respondent under the Service Agreement dated 1 March, 2013, constitute a supply of "Support Services" falling under HSN code 9985 or "Intermediary service" classifiable under HSN code 9961/9962?• Whether the service supplied by the Respondent under the Marketing Services Agreement dated 1 December, 2012, constitute a supply of "Support services" falling under HSN code 9985 or "Intermediary service" classifiable under HSN code 9961/9962?• Whether the service provided by the Respondent is an export of services as defined under Section 2(6) of the Integrated Goods and Service Tax Act, 2017?
HELD
<ul style="list-style-type: none">• The service supplied by the Respondent under the Service Agreement dated 1 March, 2013, constitutes a mixed supply of services falling under the Heading "accounting services" having SAC 9982, and under the Heading "other professional, technical and business services" having the SAC 9983.• The service supplied by the Respondent under the Marketing Services Agreement dated 1 December, 2012, constitutes a mixed supply of Services falling under the Heading "Research and Development services" having SAC 9981, under the Heading "Other professional, technical and business services" bearing SAC 9983, and under the Heading "other miscellaneous services" bearing SAC 9997.