

**Vservglobal
Pvt. Ltd
(Applicant)**

Engaged in

Supply of "Business Support Service" comprising of "Back Office Support" and "Accounting" to the overseas companies.

**Question
raised in ruling**

Whether supply of "Back Office Support and Accounting" qualify as "Zero Rated Supply" in terms of Section 16 of the Integrated Goods & Service Tax Act, 2017?

Contentions of the Applicant

Business support services supplied to overseas companies is a "zero rated supply" (export of services) covered under Service Accounting Code 99822 and not intermediary services due to following reasons;

- The place of supply of services is outside India;
- It satisfies all the conditions of Export of Services as prescribed in the Law;
- Supplier and Recipient are NOT establishment of distinct person, since both of them are Separate Legal entities;
- Applicant does not fall under the definition of intermediary services, since it supplies services on principle-to-principle basis;

Conclusion:

The Authority of Advance ruling held that services provided by the Applicant, are in nature of intermediary services since applicant arranges or facilitates supply of goods or services between overseas client and the customer of overseas client. The place of Supply of intermediary services is the location of the supplier of services therefore; the nature of supply is intra State Supply of Services and does not qualify as "Zero rated Supply".

GSC Comments:

The term intermediary as per Clause 13 of Section 2 of Integrated Goods and Services Tax Act, 2017 is defined as follows;

"intermediary" means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account."

In our view, it may be argued that the Applicant supplies the services to its clients on its own account. Hence, it does not fall under the definition of intermediary.

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