

**Topic: Meaning and Scope of Supply-Part 4**

**Class: B.Com (Hons)**

**Semester: VI**

**Subject: Goods and Services Tax (GST)**

**Unit: 1**

**Paper: CC-13**

**Place of supply in respect of service**

**Place of supply in respect of service when location of the supplier and recipient is in India.**

Section 12 of IGST deals the principles for determination of place of supply in case of supply of services, when location of supplier and recipient is in India. If either the location of supplier or service or the location of the recipient of service is outside India (i.e. import or export services) the place of supply shall be determine as per section 13.

**Location of Recipient of Service:**

Section 2(14) of the IGST act 2017 defines “location of the recipient of service” as:

- a. where a supply is received at a place of business for which the registration has been obtained the location of such place of business.
- b. where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment.
- c. where a supply is received at more than one establishment, where the place of business or fixed establishment, the location of the establishment most directly concerned with the recipient of the supply; and
- d. in absence of such places, the location of the usual place of residence of the recipient.

**Location of the Supplier of Services:**

Section 2(15) of the IGST act 2017 defines “location of the supplier of services” as:

- a. where a supply is made from a place of business for which registration has been obtained, the location of such place of business.
- b. where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment;

- c. where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and
- d. in absence of such places, the location of the usual place of residence of the supplier.

### **Place of Supply in Respect of Services:**

Place of supply in respect of services may be delivered into three parts.

- A. Services provided to Registered person(Business to Business-B2B)
- B. Services provided to Unregistered person(Business to Customer-B2C)
- C. Specific Situations

- A. **Services provided to registered person:** As per general principle of section 12(2) (a) where the services are provided to a registered person, place of supply of services is place of location of the registered recipient of services.

**Example:** A computer consultancy services of Jamshedpur provides services to architecture of Katak who is registered under GST law in such case the place of supply will be Katak.

- B. **Services provided to unregistered person:** As per general principle of [section 12(2)(b)], where the supply of service is made to a person other than registered person, the place of supply shall be ;
  - a. the location of the recipient where the address on record exists, and
  - b. the location of the supplier of services in other cases.

**Example:** Rohit of Ranchi gives an order of mobile to Flip card and Flip card send mobile at his recipient address. Place of service will be at the address on record.

- C. **Specific Situation:** Special provisions are applicable in specific situation. These are provided in sub-section (3) to subsection 14 of section 12. These are discussed as follows.

### **1. Supply of services in relation to immovable property or loading in boat or vessel-other than export or import of services [Section 12(3)] of IGST Act.**

Section 12(3) cover supplies of services which are in relation to an immovable property or a boat or a vessel. These are as under

- i. **Immovable property section [12(3)a]:** The place of supply services provided by architects, interior decorators, surveyors, engineers and other related experts or state agent directly in relation to immovable property, shall be the location at which the immovable property is located or intended to be located.

**Example:** KK Builder of Jamshedpur (Jharkhand) provided architectural services for NPA Pvt. Ltd (Katak) in Kolkata. The place of supply will be the location of the immovable property i.e. Kolkata.

**ii. Lodging section [12(3)(b)]:** The place of supply of services by way of lodging accommodation a hostel, inn, guest house, home stay, club or campsite by whatever name called and including a house boat or any other vessel; shall be the location at which the immovable property is located or intended to be located.

**Example:** Mr. Tarun a business man travel to Delhi and stays in a hotel there. The place of supply of accommodation service is the place where the hotel is located in Delhi.

**iii. Marriage/Function [section 12(3) (c)]:** The place of supply of services by way of accommodation in any immovable property for organizing any marriage or reception or matter related these to, official, social, cultural, religious or business function including 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.

**Example:** Axis Bank Mumbai hired to organise an official function in Kolkata for all its functions. The place of supply in this case will be Kolkata.

**iv. Service ancillary to the above mentioned services [section 12(3) (d)]:** The place of supply of services ancillary to the service referred to in above clauses (a), (b), and (c), shall be the location at which the immovable property is located or intended to be located.

**v. Multi –State:** Where the immovable property or boat or vessel is located in more than one State or Union Territory the supply of service shall be treated as made in each of the States or Union Territories in proportion to the value for services separately collected or determined, in terms of the contract or agreement entered into in this regard or in the absence of such contract or agreement on such other basis as may be prescribed. [Section 12(3)-Expln.]

**Example:** KK Builder based in Jamshedpur, Jharkhand renders professional service in respect of the NH Connecting Ranchi to Patna, since the immovable property is located in more than one state the supply of service shall be located or made in each of the respective state, in proportion to the value of service separately collected or determined in terms of the contract or agreement entered into this regard.

**Vi. Outside India:** Where the services of immovable property or board or vessel are provided outside India or intended to be located outside India. Location of the recipient will be place of supply.[section 12(3)-Prov.]

**Example:** Mr. Ravishankar of Ranchi (Jharkhand) hired the services of interior decorators of Patna for doing his home in Nepal. Since this property is located outside India, the place of supply will be Ranchi the place of location of recipient.

Thus, even if movable property is located outside India, the location of service recipient is in Ranchi, IGST will be payable

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