

Topic: Meaning and Scope of Supply-Part 6

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Place of supply in respect of service

6. Services for Transportation of Goods [Section 12(8)]:

The place of supply of services by way of transportation of goods including by mail or courier, etc. are provided too a registered person, place of supply will be the location of such person i.e. location of registered person. If such service provided to an unregistered person the place of supply shall be the location at which such goods are handed over for their transportation. A new provision has been inserted in section 12(8) by IGST (amendment) act 2018 vide notification No.01/2019 – integrated tax dated 29-01-2019. This provision lies down that where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.

Example: X Ltd. of Mumbai is a registered company. It hires the service of Ist flight courier to send its goods to Y Ltd. from Kolkata. Since the place of supply in the location of recipient i.e. Mumbai. Note that X Ltd. is the recipient of the courier service; no Y Ltd. If X Ltd. is not registered then the location where goods are handed over for their transportation i.e. Kolkata will be the place of supply.

Example: Mr. Rohit is a branch manager of State Bank of India in Hyderabad. He has been transferred to Patna. He hired the service of “movers and packers” to shift his household goods from Hyderabad to Patna. Since Mr. Rohit is unregistered person the place of supply will be Hyderabad where the goods are handed over for their transportation.

7. Passenger Transportation Service [Section 12(9)]

The place of supply is dependent on whether the recipient is registered or unregistered.

- a. When such services provided to a registered person it shall be the location of such person
- b. When such services is provided to a person other than the registered person place of supply shall be the place where the person embark on the conveyance for a continues journey

- c. Where the right to passenger is given for future use and the point of embarkation is not known at the time of issue of right place of the supply shall be
 - i. If the supply is made to a registered person then the place of supply shall be the location of such person.
 - ii. Where the supply of service is made to a person other than registered person, the place of supply shall be
 - the location of the recipient where the address on record exists and
 - the location of the supplier of services in other cases.

Here is noted that return journey shall be treated as a separate journey even if the right is issued along with the onward journey.

Meaning Continuous Journey:

Section 2(3) of the integrated goods and service tax act 2017 defines the term continuous journey it read as

“Continuous Journey” means a journey for which a single or more than one ticket a invoice is issued at the same time, either by a single supplier of service or through an agent acting on behalf of more than one supplier of service and which involves no stopover between any of the legs of journey for which one or more separate tickets on invoice are issued. Here the term ‘stopover’ means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later period of time.

Example:

- a. Z Ltd. of Jaipur a registered person hires buses of Jindal Transport Company of Gujarat to send its employee in travelling from Gujarat to Delhi. Here Z Ltd. is a registered person in Jaipur. Therefore the place of supply is the location of recipient which is Jaipur.
- b. In the above example if Z Ltd is not registered the place of supply will be Gujarat as the passengers will embark on the journey from Gujarat.
- c. Mrs. Nandni buys a prepaid Delhi Metro card from Delhi Metro (New Delhi) for hassle free commute in the national capital region. He is entitled to use card anywhere in Delhi, Faridabad and Noida which not predetermined at the time of buying the card. Mrs. Nandni address is not available to the metro company. The place of supply will be the location of the supplier of service i.e. New Delhi.
- d. In the above example if it’s assumed that Mrs. Nandni has come to Delhi from Aligarh. Here Mrs. Nandni address is available to metro company the place of supply will be the address of Mrs. Nandni i.e. Aligarh.
- e. Mrs. Lata books ticket to travel a weekly bus from Mumbai to Goa and back from Goa to Mumbai. In such situation the place of supply for Mumbai to Goa will be Mumbai and from Goa to Mumbai will be Goa even if the ticket was purchased in Mumbai.

8. Services supplied on board a conveyance [Section 12 (10)]

The place of supply of service on board a conveyance including a vessel an aircraft a train or a motor vehicle shall be the location of the first scheduled point of departure of that conveyance for the journey. This rule intends to cover the services like movie, music, video, software games etc. provided on board against a specific charge which is not supplied as part of the fare. For determining the place of supply of both goods and service supplied on board a conveyance, no distinction is made between registered and unregistered recipient.

Example: Mr. Sharan is travelling from Hyderabad to Ranchi in an air India. He watches a movie during the journey, when the aircraft is flying over Lucknow, by making the necessary payment. The place of supply of such service of movie on demand is the first scheduled point of departure of the conveyance for the journey i.e. Hyderabad.

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