

Topic: Meaning and Scope of Supply-Part 10

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Subject: Goods and Services Tax (GST)

Unit: 1

Paper: CC-13

Transportation Services [Section 13(9), Section B(10), Section 13(11)]

Transportation services depend upon nature of supply. On the basis of nature it is divided into three parts.

- i. Services of transportation of goods other than by way of mail or courier section 13(9):- In this case the place of destination of the goods shall be the place of supply.
- ii. Passenger transportation services section 13(10):- Place where the passenger embark on the conveyance for a continuous journey shall be the place of supply.
- iii. Services on board a conveyance [section 13(11)]:- Services provided on board a conveyance during the course of a passenger transportation including serving intended to be wholly substantially consumed while on board, first scheduled point of departure of that conveyance for the journey will be the place of supply.

Example: All ocean going ships or aircrafts place of service will be the destination port

Example: For a truck carrying goods to China, the place of service shall be China.

Example: Mr. Sharma a foreign tourist has booked a ticket for Mumbai – Dubai flight from an airline registered in Mumbai for a continuous journey without any stopover. The place of supply or the place where the passenger embark on the conveyance for a continuous journey i.e. Mumbai.

Example: Airgo flight departing from Delhi to Dubai providing food to its passengers, the place of supply will be Delhi (first scheduled point of departure). For return journey, the place of supply shall be Dubai.

Online information and database access or retrieval service (OIDAR) [section 13(12)]:

OIDAR defines under section 2(17) of the IGST act 2017 as “online information and database access or retrieval service” means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human interaction and impossible to ensure in the absence of information technology and includes electronic services such as,

- i. Advertising on the internet;
- ii. Providing cloud services;
- iii. Provision of e book, movies, music, software and other intangible through telecommunication networks or internet;
- iv. Providing data or information retrievable or otherwise, to any person in electronic form through a computer network;
- v. Online supplies of digital content (movies, television shows, music)
- vi. Online gaming.

The place of supply of service in this case shall be the location of recipient of services.

For the purpose of this sub-section, person receiving such services shall be deemed to be located in the taxable territory if any two of the following non contradictory conditions are satisfied namely.

The location of address presented by the recipient of services through internet is in the taxable territory;

- a. The credit card or debit card or store value card or charge card or smart card or any other card by which the recipient of services settles payment has been issued in the taxable territory;
- b. The billing address of the recipient of service is in the taxable territory;
- c. The internet protocol of services in which account used for payment is maintained is in the taxable territory;
- d. The bank of the recipient of services in which the account used for payment is maintained is in the taxable territory;
- e. The country code of the subscriber identity module card used by the recipient of services as if taxable territory;
- f. The location of the fixed land line through which the service is reserved by the recipient is in the taxable territory;

Example: Software automatically downloaded from site e.g. Anti virus software

Example: PDF document automatically emailed by provider's system e.g. Airtel receipt for post-paid connection.

Power of central government [section 13(13)] of IGST act:

In order to prevent double taxable or non-taxable of the supply of a service or for the uniform application of rule the government shall have the power to notify and description of services or circumstances in which the place of supply shall be the place of effective use and enjoyment of a service.

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