

**RJA**

# **Rajput Jain & Associates**

## **Chartered Accountants**

**Committed to  
Provide  
Innovative  
Solutions**

**Place of Supply**



**Rajput Jain & Associates, Chartered Accountants** offers its clients a full range of services. The company has been setup by a group of young, enthusiastic highly skilled and motivated professional who have taken experience from the top consulting firm and are extensively experienced in their chosen fields has providing a wide array of consultancy in the field of accounting , taxation , assurance and business advisory service to various clients and other stakeholders.

We are the exclusive member in India of the association of international tax consultants, an association of independent professional firm represented throughout Europe, US, Canada, South Africa, Australia and Asia.





# CONTENT

- **Place of Supply**
- **Place of Supply of Goods**
- **Place of Supply for Services**
- **Location of recipient in case of  
OIDAR**



# PLACE OF SUPPLY

---

## Place for Supply Under **GST**



GST is a destination based tax, in which the goods/services will be taxed at the place where the goods and services are consumed and not at the origin. So, the state in which goods/services are consumed will have the right to collect GST. The concept of place of supply is crucial under GST as all the provisions of GST revolve around it.

Place of supply of goods under GST defines whether the transaction will be counted as intra-state or inter-state, and accordingly levy of SGST, CGST & IGST will be determined. This is because IGST and CGST go to Central Govt. and SGST goes to state Govt.

Every transaction will have to go through the test of provisions relating to the place of supply in order to determine which tax is to be levied.

Before you determine Place of supply, please decide classification

- Location of Supplier is very important to decide.
- Decide who is recipient of service.
- Be clear of the Section your Services fall in.
- Place of supply is not equal to place of performance.
- Determination of Place of Supply of goods is different from that of Services.

Prerequisites to understand before Interpreting Place of supply

## **Section 7 (Inter-State Supply)**

Section 7(1) Subject to the provisions of section 10, supply of goods, where the location of the supplier and the place of supply are in—

(a) Two different States;

(b) Two different Union territories; or

(c) A State and a Union territory shall be treated as a supply of goods in the course of inter-State trade or commerce.

(2) Supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter-State trade or commerce.

(3) Subject to the provisions of section 12, supply of services, where the location of the supplier and the place of supply are in—

- (a) Two different States;
  - (b) Two different Union territories; or
  - (c) A State and a Union territory shall be treated as a supply of services in the course of inter-State trade or commerce.
- (4) Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter-State trade or commerce.

Supply of goods or services or both,—

- (a) When the supplier is located in India and the place of supply is outside India;
- (b) To or by a Special Economic Zone developer or a Special Economic Zone unit;
- (c) In the taxable territory, not being an intra-State supply and not covered elsewhere in this section, shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.

Supply of Goods in case of Imports (Section 7(2))

Goods imported into the territory of India

Till they cross the custom frontiers of India shall be treated as Supply in the course of Interstate Trade or commerce.

Custom Frontiers of India: The place where goods were kept or stored before export and the place where goods were kept or stored after import is called Customs Area and crossing of goods through that area is called “Crossing Customs Frontiers of India”



In other words, once goods cross custom frontiers they become part of imports and treated as supply in the course of Interstate trade or commerce.

## **Section 8 (Supply of Goods)**

(Section 8(1)) In the following cases supply of Goods will be treated in the course of Intrastate trade or commerce.

Supply in same state and same union territory will be Intrastate.

Proviso: Following supplies will not be treated as Intrastate supply.

1. Supply to or by SEZ developer or unit.
2. Goods imported till they cross custom frontiers.
3. Supplies to a tourist.

## **Section 9 of IGST Act**

Notwithstanding anything contained in this Act,—

(a) where the location of the supplier is in the territorial waters, the location of such supplier; or

(b) where the place of supply is in the territorial waters, the place of supply,

Shall for the purposes of this Act, be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located.

**Who Needs Establishing Place of Supply?**

There are several reasons for determining place of supply:

- It is important for persons dealing in cross-border services.
- It is also important for persons who deal in interstate transactions.
- The suppliers who operate within India from multiple locations and supply goods or services from different locations also need to determine it.
- Special transaction zones like SEZ, exempted zones etc. also need it

### **Why is it Necessary to Determine Place of Supply?**

The following reasons make the determination of place of supply of services important:

- It is required for the determination of place of levy and jurisdiction.
- To avoid double taxation of a transaction by different states.
- To enable proper tax collection and distribution by different states.
- To ensure proper Rules for Goods and Services separate.
- To ensure seamless credit.

Place of supply of Goods has been defined in two parts:

1. Supply other than Import and export (Section 10).
2. Supply in case of Import and export (Section 11)

### **(Section 10)Place of Supply of Goods**

Usually, in case of goods, the place of supply is where the goods are delivered.

So, the place of supply of goods is the place where the ownership of goods changes.



What if there is no movement of goods. In this case, the place of supply is the location of goods at the time of delivery to the recipient.

For example: In case of sales in a supermarket, the place of supply is the supermarket itself.

Place of supply in cases where goods that are assembled and installed will be the location where the installation is done.

For example: A supplier located in Kolkata supplies machinery to the recipient in Delhi. The machinery is installed in the factory of the recipient in Kanpur. In this case, the place of supply of machinery will be Kanpur.

### **Place of Supply for Services**

Generally, the place of supply of services is the location of the service recipient.

In cases where the services are provided to an unregistered dealer and their location is not available the location of service provider will be the place of provision of service.

Special provisions have been made to determine the place of supply for the following services:

- Services related to immovable property.
- Restaurant services.
- Admission to events.
- Transportation of goods and passengers.
- Telecom services.
- Banking, Financial and Insurance services.

In case of services related to immovable property, the location of the property is the place of provision of services.



**Example 1:**

Mr. Anil from Delhi provides interior designing services to Mr. Ajay(Mumbai). The property is located in Ooty (Tamil Nadu).

In this case, place of supply will be the location of the immovable property i.e. Ooty, Tamil Nadu.

**Example 2:**

A registered taxpayer offers passenger transport services from Bangalore to Hampi. The passengers do not have GST registration. What will be the place of supply in this case?

The place of supply is the place from where the departure takes place i.e. Bangalore in this case.

**Section 11(place of supply of goods)**

- (a) Imported into India shall be the location of the importer;
- (b) Exported from India shall be the location outside India.

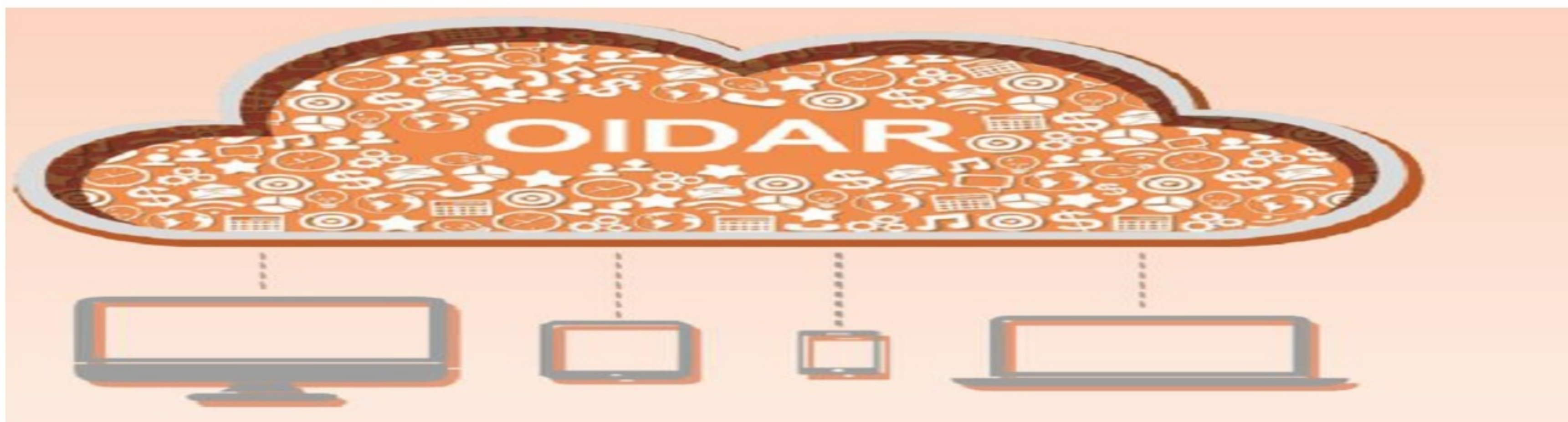
As per Section 2(5), "Export of Goods" means taking goods out of India to a place outside India.

As per section 2(6) export of services” means the supply of any service when

- a. The recipient of service is located outside India;
- b. The supplier of service is located in India;
- c. place of supply of service is outside India;
- d. The payment for such service has been received by the supplier of service in convertible foreign exchange; and
- e. The supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8.



## Location of recipient in case of OIDAR



- The location of address presented by the recipient of services through internet is in the taxable territory;
- 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;
- The billing address of the recipient of services is in the taxable territory;
- The internet protocol address of the device used by the recipient of services is in the taxable territory;
- The bank of the recipient of services in which the account used for payment is maintained in the taxable territory;
- The country code of the subscriber identity module card used by the recipient of services is of taxable territory;
- The location of the fixed land line through which the service is received by the recipient is in the taxable territory.



# Reach Us



## DISCLAIMER

No part of this article may be reproduced, reprinted or utilized in any form or by any means electronic or mechanical without prior permission of the publisher. While every care is taken in compilation of information contained herein, the publisher cannot accept any responsibility for error or omission or for the use of trademark, copyrights, brand name, logos or other identifying symbols provided in supporting and participating companies and organizations. However all possible and reasonable care has been taken to ensure that the information in this newsletter is as accurate and up-to-date at the time of printing. This newsletter is for internal use only.

## RAJPUT JAIN & ASSOCIATES

[www.carajput.com](http://www.carajput.com)

P-6/90, Connaught Circus  
Connaught Place  
New Delhi 110001 INDIA  
Mobile No.: 9811322785, 955555480

E-mail: [info@carajput.com](mailto:info@carajput.com)



We are the exclusive member of in India of the **Association of International Tax Consultants**, an association of independent professional firms represented throughout worldwide.