

INTRODUCTION TO GST

PLACE OF SUPPLY AND TIME OF SUPPLY-PART 5

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Lecture 13

Similarly, friends, in case of supply of services to organize culture, artistic, sporting, scientific, educational, entertainment events, conferences, fair, exhibitions, celebrations, etc.

IGST ACT, 2017	Sec-12(7)/18-43
In case of supply of services to organize cultural, artistic, sporting, scientific, educational or entertainment events, conferences, fair, exhibition, celebrations etc. how POS shall be determined? -Or in case of providing logistic or other relevant services for such events how POS shall be determined?	<p>In all such cases, if supplies are to a registered person, the location of recipient shall be the POS.</p> <p>In other cases, where the event of actually held and <i>if event is held out of India, the POS shall be the location of recipient.</i></p> <p>For Example: If ABC Entertainer Mumbai, provides services to ZEE Media Delhi to conduct Cricket Match in Kolkata, and both are registered dealer under GST. POS shall be Delhi and IGST shall be charged by ABC Entertainer.</p> <p>If ABC Entertainer, Mumbai provides services to XYZ Telecaster Mumbai for a match being played at Capetown (SA), CGST/SGCT shall be charged.</p>

In all these cases, supply shall be the place where these items have been, i.e. these events have been conducted. So, what law says? It says in all such cases, if supplies are to a registered person, the location of that person shall be the place of supply, so accordingly place of supply will be defined and tax will be charged.

And in other cases, where event is actually held. So, if there is a supply to unregistered persons, if we are having some fair, some exhibition, some concert where normal consumers are going and they are buying tickets and enjoying this event, the place of supply will be the place where these events have been organized. If it is to a registered person, then the recipient place will be

the place of supply and accordingly CGST, SGST or IGST shall be charged. And if the event is held outside India, place of supply shall be the location of the recipient. So, we have to understand the transaction and have to understand and correlate with the relevant provision of law and then place of supply shall be decided and then we will decide whether CGST or SGST is applicable or IGST shall be applicable.

So, in a given example, ABC Entertainment from Mumbai provides services to Zee Media Delhi to conduct a cricket match in Kolkata. So, supplies are between ABC Entertainers Mumbai to Zee India/Zee Media for a cricket match in Kolkata, and both are registered dealers/registered persons, in GST. Then place of supply shall be Delhi and IGST shall be charged by Bombay party. Here though cricket match is conducted in Kolkata, services are consumed in Kolkata, but according to the applicable GST provision since the recipient is in India and is a registered person, so place of supply shall be Delhi.

If ABC Entainer Mumbai provides services to XYZ Telecaster Mumbai for a match being played at Cape Town, then CGST, SGST shall be charged. So, we have to be very careful when we are deciding CGST, SGST or IGST, especially in case when there are interstate transactions. There is no issue in intra-state transactions, but inter-state transactions, issues are there for which we have to refer these sections. And if transaction falls in exceptional cases, then we have to be very careful when discharging our tax.

IGST ACT, 2017

Sec-12(8)/19-43

In case of transportation of goods, including by mail or courier how POS shall be determined?

- In case of registered person, the location of the registered person ,
- Other wise the location where such goods are handed over for transportation.

Now, coming to “in case of transportation of goods” including mail or through courier. Law says in case it is to registered person, place of supply is the location of such registered person. So, in B2B transaction where the recipient is located, accordingly CGST, SGST or IGST shall be charged. But in other cases, where goods are handed over to transportation, i.e. where the registered person is not on record or the recipient is not on record, the location where goods

have been handed over to transport agency or to mail or to the courier agency, shall be the place of supply and accordingly CGST, SGST shall be charged.

IGST ACT, 2017

Sec-(12)(9)/20-43

In case of passengers transport, how POS is determined?

In case of passengers transport , if service is provided to a registered person, location of such registered person and

In case of others, the location where passengers embarks on the vehicle for a journey.

In this case, return journey if any shall be treated as separate journey even if passengers have booked advance tickets at the time of start of the forward journey.

For example:

If Mr. A booked flight tickets from Chandigarh to Bengaluru and back, for onward journey, POS is Chandigarh and for return journey POS shall be Karnataka.

Passenger transport, where people are boarding on train or buses. In case of passenger's transport, if service is provided to registered person, location of such person shall be the place of supply. So, if any bus is hired by a company for its employees from a transporter who is also a registered person, so, it is a B2B transaction. Here the transporter is giving bus service to a company for travelling of the company's employees. So, location of recipient will be the place of supply. And in other case, location where passengers embark on the vehicle for journey, that will be the place of supply, then accordingly GST, that is CGST and SGST shall be charged. And friends, another thing which is to be noted over here is in case of return journey if any, shall be treated as separate journey even if passengers have booked advance tickets at time of start of journey.

Means, if Mr. A booked flight tickets from Chandigarh to Bengaluru and back. So, tickets have been booked at Chandigarh for onward journey as well as for return journey, i.e. Chandigarh to Bengaluru and Bengaluru to Chandigarh. Tickets have been booked at Chandigarh only. But as per this rule, it says in other cases, the location where passenger embarked the vehicle. So, in return journey, Mr. A will take flight from Bengaluru. So, the place of supply shall be Bengaluru. So, accordingly, CGST, SGST shall be charged. Though Mr. Sharma is from Chandigarh, he booked ticket from Chandigarh to Bengaluru and Bengaluru to Chandigarh. So, in return journey, it will be taken as the passenger has embarked in vehicle in Bengaluru. So accordingly, CGST- SGST will be paid.

In case of supply of service on board a conveyance, including vessel, an aircraft, a train or a motor etc., how POS shall be determined?

In case of supply of service on board a conveyance, including vessel, an aircraft, a train or a motor etc. the POS shall be a location of the first scheduled point of journey of that conveyance

For example

If a passenger who boarded a train at Pune (train started its journey from Mumbai) for Kolkata and during his journey when train was passing through Odisha he is served with food in train, location for supply of such catering services shall be Mumbai not Pune.

In case of supply of services on board a conveyance including vessel and aircraft or a train. If you are getting any type of services in train while performing your journey. It happens many times that we purchase goods, food items in aeroplane, sometimes some merchandise also. So, it says in case of services on board a conveyance including vessel, aircraft, motor vehicle etc., place of supply shall be the location of the first scheduled point of journey of that conveyance from where the conveyance has started its journey.

An example is, if a passenger who boarded a train from Pune and train started its journey from Mumbai. It was a train from Mumbai to Calcutta and passenger boarded on train at Pune. During his journey, when train was passing through Odisha, he was served with the food. Since he purchased the food on train, the location of supply of such catering services shall be Mumbai and not Pune; so, CGST, SGST will be charged as per the rule. Though he was from Pune, train started journey from Mumbai, so the first scheduled point is Mumbai. So, accordingly tax will be paid.

How POS is determined in case of Telecommunication services?

Under GST laws Data transfer, broadcasting, cable and direct to home services are classified as telecommunication services along with other services.

Name of the Services	Place of supply
Fixed Telephone lines, Leased circuits Internet leased circuit Cable Dish antenna	Location of said equipment where these are installed.

Another important sector of industry under GST is telecom sector. Understanding the law relating to this is very complicated because telecommunication is providing number of services nowadays, including online services and they have removed the boundaries of the states and countries. So, what to do with these types of services? GST has taken care of all such type of services and has controlled the things very well. Under GST, transfer of data, broadcasting, cable, direct to home services are classified as telecommunication services. Fixed telephone line, least circle lines, internet services, Cable Dish antenna, all are services provided by telecom sector. The place of supply for all these services are location of said equipment where these are installed. i.e. where the consumption has taken place, where the installation is done, where the handset is operated or given or provided, GST shall be applicable accordingly.

IGST ACT, 2017
Sec-12(11)/23-43

How POS is determined in case of Telecommunication services?

In case of:.

Services	Place of supply
Mobile phones, Internet through Mobile phones on post paid basis	Billing address of the recipient -----
----- Mobile phones, Internet through Mobile phones on pre- paid basis	a. If sold by agent/dealer -- address of such agent or dealer b. If sold by any other person -- where payment is received.
	<small>* Where payment is made through internet banking or online, location of recipient as per supplier's records</small>

So, friends, if we talk about mobile phones, then how place of supply will be determined. If I am from Delhi and moving to Chennai or other places and also paying my bill. I also travel foreign. So, how the place of supply will be determined for mobile services under telecommunication services? Law says, in case of mobile phones, internet through mobile phones, all are separate services. In case if your connection is post-paid i.e you have a telephone/mobile connection for which you receive a bill and you pay later on, then place of supply will be the billing address of the recipient. The telecommunication companies have your official address with them on record and they will send you the bill for that services. So, accordingly bill will be charged to you and tax will be charged. So, if you are in a particular circle where a particular operator is operating. But obvious they will send you GST in form of CGST and SGST because your billing address will be in that particular area and operator is

also having installation in that particular area. But in case of prepaid cases, prepaid mobile phones where connection is on prepaid basis, you are just charging, you are just getting card and getting it recharged from time to time. So, it says if that card or recharge is sold by an agent or by a dealer, then address of that dealer or that agent will be the place of supply. So, if I am from Delhi, I have visited Mumbai and got my mobile phone charged through this prepaid mechanism, i.e I purchased card from Mumbai from an agent. The place of supply shall be Mumbai and accordingly CGST and SGST shall be charged. And if it is sold by any other person and payment is received; so place where payment is received shall be the place of supply. Accordingly, tax will be charged.

So, friends, we have to analyze each and every transaction, and accordingly, place of supply and time of supply will be decided and only then can we pay GST. If we pay wrong GST or if we paid less GST then it will be non-compliance and heavy penalty and fine will be charged from us.

IGST ACT, 2017	Sec-12(12)/24-43
How POS is determined in case of Banking, Financial and stock broking services ?	In case of Banking, Financial and Stock Brokers services POS is the location of recipient as per records of supplier of services, other wise location of supplier of services.

Place of supply in case of banking, financial institutions, stock market. These are some of the exceptional cases under GST, marked as special transactions. So, it says in case of these institutions, place of supply is the location of recipient as per the records of the supplier. Because these are all such type of transaction where supplier has to declare his identity, his complete address with PAN number and all. So, easily we can work out whether it is an inter-state transaction or intra-state transaction and tax can be charged. And if any customer approaches bank for demand draft and he doesn't have his account with that bank, bank may issue Demand Draft after charging tax. And in that situation, CGST shall be charged.

**In case of Insurance Services
how POS shall be determined?**

If services are to registered person---
location of such person

If to unregistered person--- location of
recipient as per records of supplier .

Similarly, in case of insurance services, different parameters are used to determine the place of supply. Insurance companies provide a number of services related to individuals, property, vehicles, luggage, etc. Sometimes the recipient may be in Delhi, but property may be located in Uttarakhand or Tamil Nadu. So, it says services are to registered person. If these services are to a registered person, then location of that person, irrespective of the location of the property shall be the place of supply; and if insurance is given to an unregistered person, the place of supply shall be the location of the recipient as available on record of the supplier. So accordingly, tax will be decided.

**How place of supply shall be
determined in case of
advertisements put on Rails,
All India Radio, Televisions etc.**

As per rule 03 of IGST Rules 2017 .

Friends, advertisements on railway or All India Radio (AIR), how you will decide the place of supply? If a company has booked advertisement for a train running between Jammu to Kanyakumari, and the ad was booked by Delhi office of railway. So how the place of supply shall be determined? Because we know that GST is a consumption-based tax. So, for these types of transactions, similarly in case of radios like FM radios, you cannot fix the boundaries because it is in the air. How you will decide that? And how tax will be shared with the different governments? So, IGST has made rules. Rule 03, IGST Rule 2017 for such type of transactions. So, if any company has booked that advertisement with railway at Delhi because company is having head office in Delhi and they want ad of their product on a train running between Jammu

to Kanyakumari. So, rule says in such transactions when ad is fixed/displayed on bogies of a particular train which is to run through various states during its journey, like J&K, Punjab, Haryana, Delhi, Uttar Pradesh, Rajasthan, Madhya Pradesh, Karnataka, Tamil Nadu, etc. the public of these states sees these advertisements. This amounts to consumption is also in all these states, so, accordingly revenue should go to these states only. So, policy maker has given a formula. that the total revenue which is received by Delhi office of railway and the tax paid by Delhi office to the central government or to the Delhi government, it will be transferred to different states in proportion to the length of the line in that particular state. So, based upon the line length in a particular state revenue will be shifted to it, since it is ultimately a consumption-based tax. So, no state will be having any type of loss because of booking of this ad in Delhi. Similarly, in case of radio advertisements based upon viewership of the radio, GST revenue will be distributed among the states. So, these are special rules framed for such type of transactions under IGST Act for the convenience of the state and for convenience of revenue sharing.