

PLACE OF SUPPLY



The section numbers referred to in the Chapter pertain to the IGST Act, 2017, unless otherwise specified. Examples/illustrations/Questions and Answers given in the Chapter are based on the position of GST law existing as on 31.10.2024.

LEARNING OUTCOMES

After studying this chapter, you would be able to -

- ♦ explain the provisions relating to determination of place of supply of goods, in case of domestic transactions and analyse the same to determine the place of supply in a given situation
- ♦ explain the provisions relating to determination of place of supply of services, in case of domestic transactions and analyse the same to determine the place of supply in a given situation

CHAPTER OVERVIEW



Place of supply

Place of supply of goods other than supply of goods imported into, or exported from INDIA [Section 10]

Place of supply of services where location of supplier of service and the location of the recipient of service is in INDIA [Section 12]



1. INTRODUCTION

GST is a destination-based tax, i.e the tax is levied at the place where the goods or services are consumed, rather than the place where they are produced.

The determination of '**place of supply**' and the 'location of the supplier' is essential to ascertain the nature of supply, i.e. whether a supply is intra-State or inter- State. In other words, these two factors are required to determine whether a supply is subject to SGST/UTGST plus CGST in a given State/ Union territory or else would attract IGST if it is an inter-State supply.



If an inter-State transaction is wrongly treated as intra-State or *vice-versa* and tax paid accordingly, the correct tax will be required to be paid and refund to be

claimed for tax wrongly paid. Though no interest is levied in such a case, procedural requirements increase and working capital gets blocked where the amount involved is huge. Hence, determining correct place of supply is of the paramount importance.

Section 2(86) of the CGST Act, 2017 defines 'place of supply' to mean the place of supply as referred to in Chapter V of the Integrated Goods and Services Tax Act, 2017. Thus, in order to understand the provisions of the place of supply, we need to refer the provisions of the relevant Chapter of the Integrated Goods and Services Tax Act, 2017.

In simple words, '**place of supply**' is the place where the supply is consumed. Thus, place of supply determines the jurisdiction where the tax revenue should reach.



Now the question arises as how to determine the place of supply?

Goods, usually being tangible do not pose any significant problems for determination of their place of consumption. Services, usually being intangible pose problems w.r.t determination of place of supply mainly due to following factors:

- ❑ The manner of delivery of a service could be altered easily.

For example, telecom service could change from post-paid to pre-paid or billing address of the customer could be changed, repair or maintenance of software could be changed from onsite to online; banking services earlier required customer to go to the bank, now the customer can avail service from anywhere.



- ❑ Service provider, service receiver and the service provided may not be ascertainable or may easily be suppressed as nothing tangible moves and there would hardly be any trail.
- ❑ For supplying a service, a fixed location of service provider is not mandatory and even the service recipient may receive service while on the move. The location of billing could be changed overnight.



- Sometime the same element may flow to more than one location, for example, construction or other services in respect of a railway line, a national highway or a bridge on a river which originate in one State and end in the other State.



Similarly, a copyright for distribution and exhibition of film could be assigned for many States in a single transaction or an advertisement or a programme is broadcasted across the country at the same time.



An airline may issue seasonal tickets, containing say 10 vouchers which could be used for travel between any two locations in the country.

The card issued by New Delhi metro could be used by a person located in Noida, or New Delhi or Faridabad, without the New Delhi metro being able to distinguish the location or journeys at the time of receipt of payment.



- Services are continuously evolving and thus, continue to pose newer challenges. For example, 15-20 years back no one could have thought of DTH, online information, online banking, online booking of tickets, internet, mobile telecommunication etc.



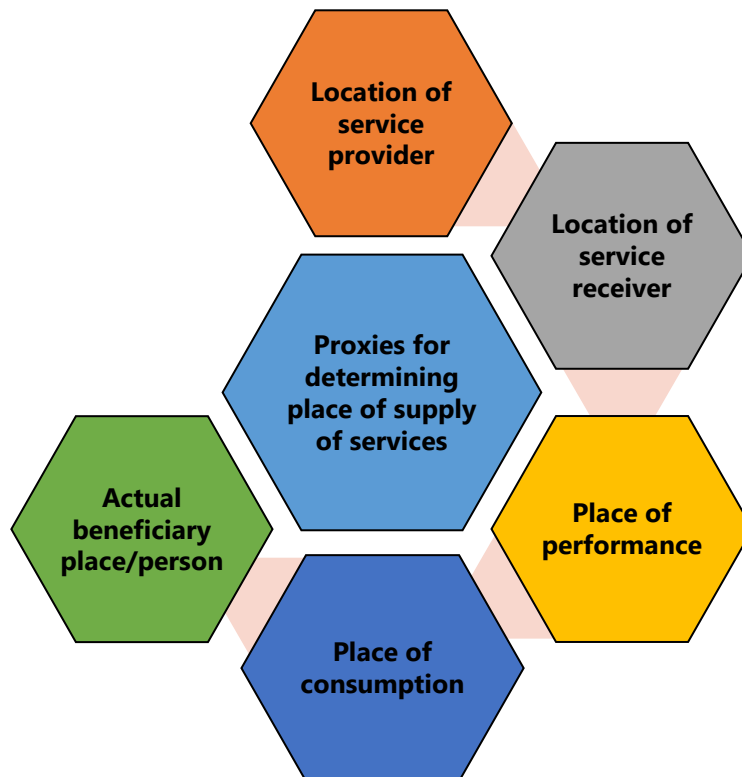
Considering the difficulties in determining the actual place of consumption of services, the various elements involved in a service transaction are used as proxies for determining the place of consumption or place of supply of such services. A proxy which gives more appropriate result than others for determining the place of supply, could be used for determining the place of supply.

The various elements used for determining the place of supply of a service are:

- (a) location of service provider
- (b) location of service receiver
- (c) place where the activity takes place/
place of performance
- (d) place where the service is consumed
- (e) place/person to which/whom actual benefit flows



Proxy which gives more appropriate result than others is used for determining the place of supply



Separate rules for determining place of supply in respect of B2B and B2C transactions

In respect of **B2B (business to business) transactions**, the supply is made by a registered person to another registered person and the taxes paid are taken as credit by the recipient, so such transactions are just pass through. GST collected on B2B supplies effectively create a liability for the Government and an asset for the recipient of such supplies in as much as the recipient is entitled to use the input tax credit (ITC) for payment of future tax liability. **For B2B transactions, the location of recipient takes care in almost all the situations as further credit is to be taken by recipient.** The recipient usually further supplies to another customer.

The supply is consumed only when a B2B transaction is further converted into B2C (business to consumer) transaction.

In respect of **B2C transactions**, the supply is made to an unregistered person who consumes the same and the taxes paid actually reach the Government.

B2B - Business to Business transactions

• In such type of transactions, the recipient is also a registered supplier and hence eligible to take ITC

B2B - Business to Consumer transactions

• In such type of transactions, the recipient is consumer or unregistered and hence, cannot take ITC.

Provisions for determination of place of supply in GST law

Basis the above guiding principles, **Chapter V of the IGST Act [Sections 10 to 14]** prescribes both general and specific rules to determine place of supply of goods and services in various circumstances. These provisions prescribe the provisions relating to place of supply of goods and services in domestic as well as cross-border transactions.

At the intermediate level, our discussion will be restricted to the provisions relating to the **place of supply of goods and services in domestic transactions** [Section 10 and Section 12] only.



2. RELEVANT DEFINITIONS

- ❑ **Continuous journey** means a journey for which a single or more than one ticket or 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 the journey for which one or more separate tickets or invoices are issued.

Explanation—For the purposes of this clause, 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 point of time [Section 2(3)].

The term **conveyance** has been defined in section 2(34) of the CGST Act to include a vessel, an aircraft and a vehicle.

- ❑ **Fixed establishment** means a place other than the place of business which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs [Section 2(7)].

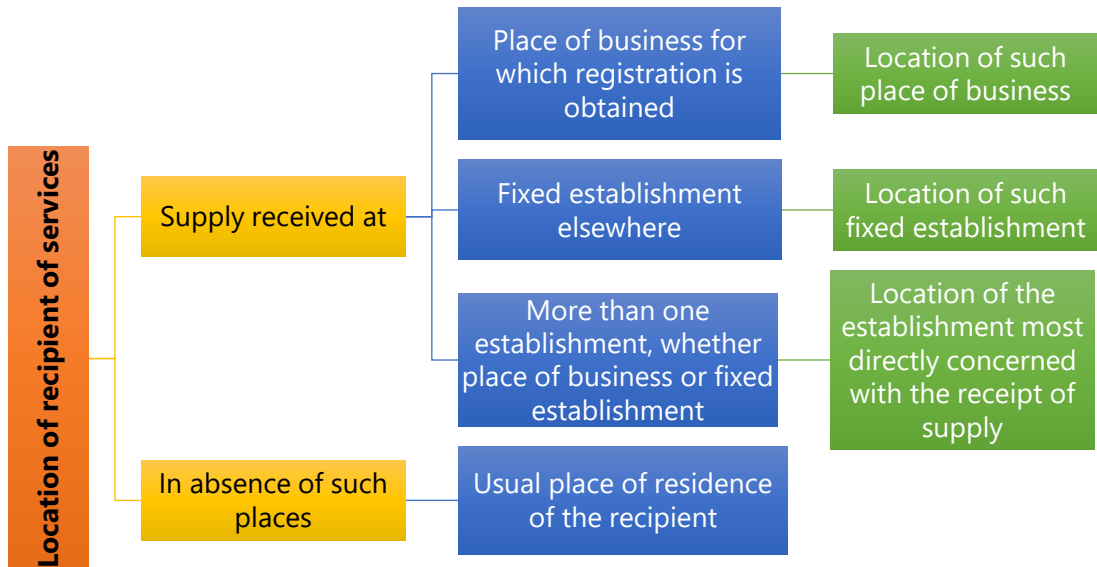
- ❑ **Location of the recipient of services** means:

- (a) where a supply is received at a place of business for which 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, that is to say, a fixed establishment elsewhere, the location of such fixed establishment;
- (c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and
- (d) in absence of such places, the location of the usual place of residence of the recipient [Section 2(14)].

The definition of ‘fixed establishment’ for this purpose has been discussed above. The definition of ‘place of business’ is discussed later.



The above definition relates only to services. The term 'location of recipient of goods' has not been defined in the Act.

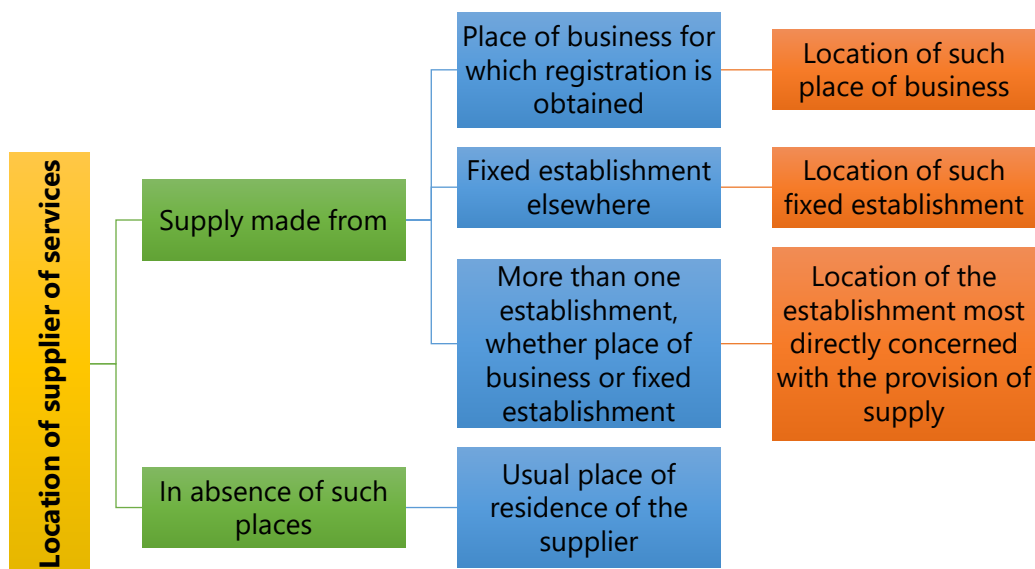


□ **Location of the supplier of services** means:

- where a supply is made from a place of business for which registration has been obtained, the location of such place of business;
- where a supply is made from a place other than the place of business for which registration has been obtained, that is to say, a fixed establishment elsewhere, the location of such fixed establishment;
- 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
- in absence of such places, the location of the usual place of residence of the supplier [Section 2(15)].



The above definition relates only to services. The term 'location of supplier of goods' has not been defined in the Act.



As already pointed out that '**Location of supplier of goods**' is not defined in the law, only the location of supplier of services is defined. Services being intangible, sometimes, leave no trail as to the location 'from' where they are supplied and for that reason, a specific definition is required. Whereas in case of goods, it is easier to determine as to where the goods are actually 'located'. Taking a cue from the definition of the place of supply (defined below), location of supplier of goods is where business is ordinarily carried on or where the goods themselves are located.

❑ **Place of business** includes

- (a) a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both; or
- (b) a place where a taxable person maintains his books of account; or
- (c) a place where a taxable person is engaged in business through an agent, by whatever name called; [Section 2(85)]





This is an inclusive definition and is applicable for both goods and services.

- ❑ **Supply** shall have the same meaning as assigned to it in section 7 of the Central Goods and Services Tax Act [Section 2(21)].
- ❑ **Recipient** of supply of goods or services or both, means—
 - where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
 - where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
 - where no consideration is payable for the supply of a service, the person to whom the service is rendered,
 - and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied [Section 2(93) of the CGST Act].
- **Supplier** in relation to any goods or services or both, shall **mean** the person supplying the said goods or services or both and shall **include** an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.

However, a person who organises or arranges, directly or indirectly, supply of specified actionable claims, including a person who owns, operates or manages digital or electronic platform for such supply, shall be deemed to be a supplier of such actionable claims, whether such actionable claims are supplied by him or through him and whether consideration in money or money's worth, including virtual digital assets, for supply of such actionable claims is paid or conveyed to him or through him or placed at his disposal in any manner, and all the provisions of this Act shall apply to such supplier of specified actionable claims, as if he is the supplier liable to pay the tax in relation to the supply of such actionable claims [Section 2(105) of the CGST Act].

- ❑ **Words and expressions** used and not defined in the IGST Act but defined in the after supplies Central Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act shall have the same meaning as assigned to them in those Acts [Section 2(24)].

3. PLACE OF SUPPLY OF GOODS OTHER THAN SUPPLY OF GOODS IMPORTED INTO, OR EXPORTED FROM INDIA [SECTION 10]

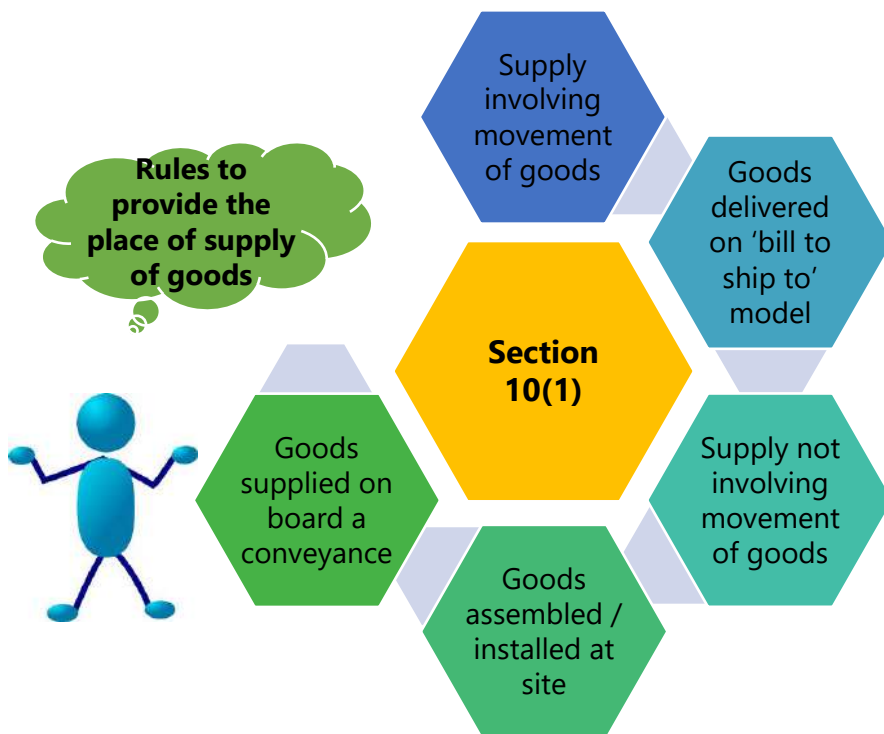
 STATUTORY PROVISIONS		
Section 10	<i>Place of supply of goods other than supply of goods imported into, or exported from India</i>	
Sub-section	Clause	Particulars
(1)		<i>The place of supply of goods, other than supply of goods imported into, or exported from India, shall be as under,—</i>
	(a)	<i>where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient;</i>
	(b)	<i>where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person;</i>
	(c)	<i>where the supply does not involve movement of goods, whether by the supplier or the recipient, the place of</i>

		supply shall be the location of such goods at the time of the delivery to the recipient;
	(ca)	Where the supply of goods is made to a person other than a registered person, the place of supply shall, notwithstanding anything contrary contained in clause (a) or clause (c), be the location as per the address of the said person recorded in the invoice issued in respect of the said supply and the location of the supplier where the address of the said person is not recorded in the invoice. Explanation—For the purposes of this clause, recording of the name of the State of the said person in the invoice shall be deemed to be the recording of the address of the said person
	(d)	where the goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly;
	(e)	where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board.
(2)		Where the place of supply of goods cannot be determined, the place of supply shall be determined in such manner as may be prescribed.



ANALYSIS

Section 10 prescribes the provisions for determining the place of supply of goods in domestic transactions, i.e. within India. Sub-section (1) of section 10 sets out five rules to provide the place of supply of goods in the following specific situations:



Each of the above situation is discussed below. For residual cases, sub-section (2) of section 10 provides that where the place of supply of goods cannot be determined, the Government may prescribe the manner to ascertain the same.

It must be kept in mind that the provisions of section 10 discussed hereunder are all in relation to domestic supply of goods.

(i) Supply involving movement of goods [Section 10(1)(a)]

In case of supply involving movement of goods, the place of supply is the location of the goods at the time when the movement of goods terminates (ends) for delivery to the recipient.

The 'location of the goods' is a question of fact to be ascertained by observing the journey that the goods so supplied make from their origin (from supplier) to termination (with the recipient). This movement, however, can be undertaken by the supplier or recipient or even any other person (like transporter) after having disclosed the destination of the movement of goods.

It is important to understand that this provision does not apply in cases where there is no movement of goods. Also, the provision does not link itself to transfer of property in goods but to the movement of the goods.



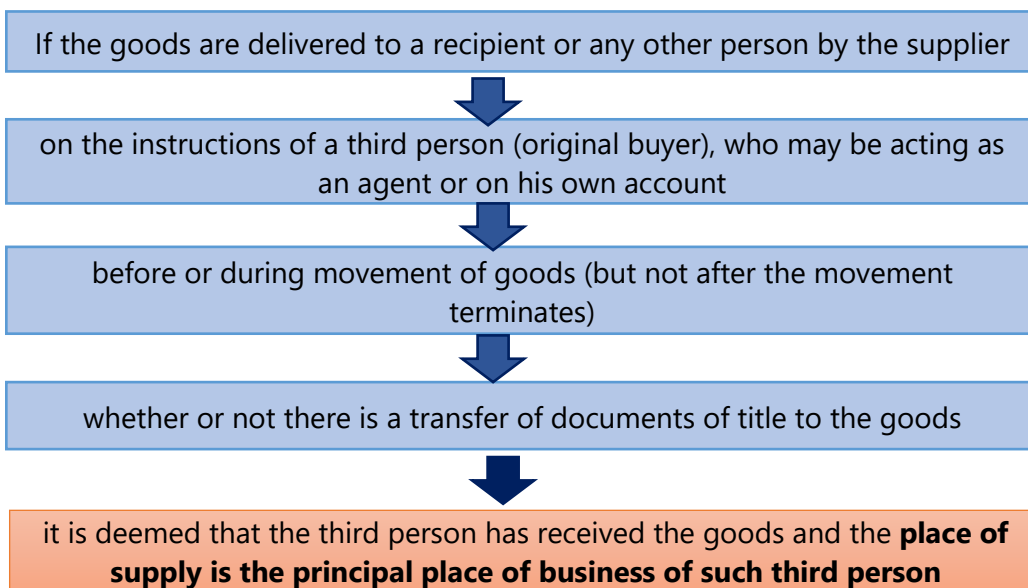
(1) Babban Pvt. Ltd. of Nasik, Maharashtra sells 10 refrigerators to Chaggan Pvt. Ltd. of Pune, Maharashtra for delivery at place of business of Chaggan Pvt. Ltd. in Pune. The place of supply is Pune in Maharashtra.

(2) Babban Pvt. Ltd. of Nasik, Maharashtra sells 20 refrigerators to Dhakkan Pvt. Ltd. of Ahmedabad, Gujarat for delivery at place of business of Dhakkan Pvt. Ltd. in Ahmedabad. The place of supply is Ahmedabad.

(ii) Supply involving movement of goods where goods are delivered to recipient on the instruction of third person – ‘Bill to Ship to’ Supply [Section 10(1)(b)]

Clause (b) of section 10(1) lays down the provisions to determine the place of supply in cases where there is a tripartite arrangement of supply, commonly known as ‘bill to ship to’ transactions or where there is a sale of goods in transit by the original buyer/ agents.

As per section 10(1)(b),

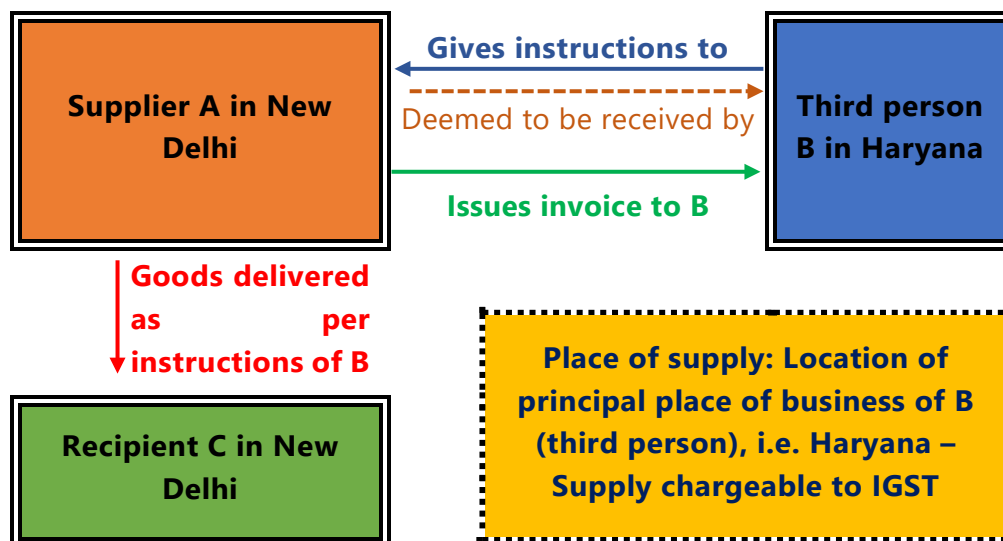


In simple words, **where goods are delivered by the supplier to the recipient at the instruction of a third person, the place of supply is the principal place of business of such third person and not of the actual recipient.**

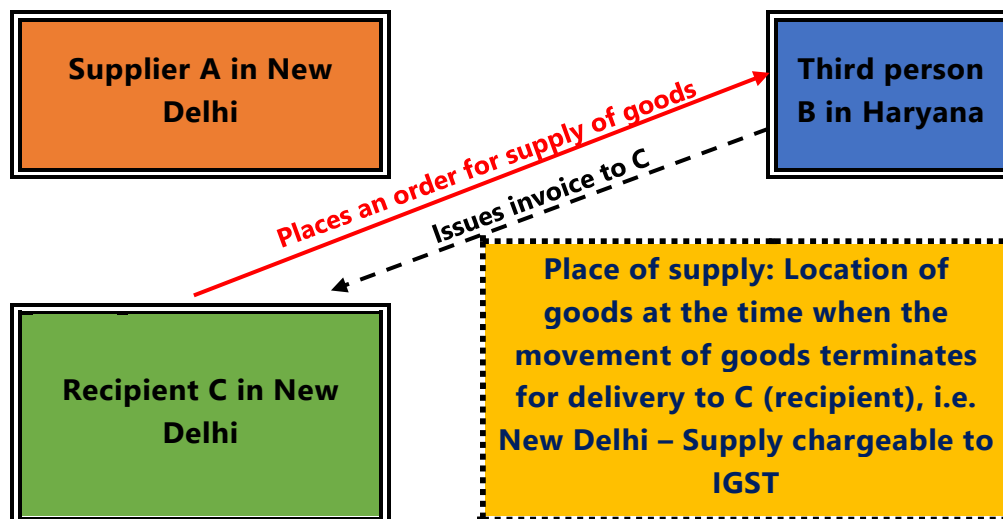
It is important to identify the two supplies involved in this transaction– one supply is by supplier to third person and second supply is by third person to recipient. This provision deals only with the first limb of supply, i.e. supply by supplier to third person.

Second limb of supply, i.e. supply by third person to recipient will be governed by the provisions of section 10(1)(a), i.e. the place of supply will be the location of the goods at the time when the movement of goods terminates (ends) for delivery to the recipient.

Supply by supplier to third person



Even though section 2(93) of CGST Act defines recipient, *inter alia*, as the 'payer of the consideration'; in this provision, recipient' is the one who actually collects the goods and the third person is the one who enjoys privity with the supplier to be able to direct him to deliver the goods and also usually makes payment to the supplier.

Supply by third person to recipient**Quiz Time!****1**

Tolaram Ltd. (a supplier registered in Uttar Pradesh having principal place of business at Noida) asks Bholaram Ltd. of Ahmedabad, Gujarat to deliver 50 washing machines to its buyer Jholaram Ltd. at Jaipur, Rajasthan. The place of supply of supply between Tolaram Ltd. and Jholaram Ltd. is _____ and place of supply of supply between Bholaram Ltd. and Tolaram Ltd. is _____.

(a) Rajasthan; Uttar Pradesh

(b) Uttar Pradesh; Gujarat;

(c) Uttar Pradesh; Rajasthan;

(d) Rajasthan; Gujarat

(iii) Supply not involving movement of goods [Section 10(1)(c)]

If the supply does not involve movement of goods, the place of supply is the location of goods at the time of delivery to the recipient.



(3) Newton Pvt. Ltd. (New Delhi) has leased its machine (cost ₹ 8,00,000) to Gravity Pvt. Ltd. (Noida, Uttar Pradesh) for production of goods on a monthly rent of ₹ 35,000. After 12 months Gravity Pvt. Ltd. requested Newton Pvt. Ltd. to sell the machine to it for ₹ 5,00,000, which is agreed to by Newton Pvt. Ltd.



In this case, there will be no movement of goods and the same will be sold on as is where is basis. Thus, the location of the machine at the time of such sale will be the place of supply, i.e. Noida.

(4) Gangadhar Ltd. (Mumbai, Maharashtra) opens a new branch office at Gurugram, Haryana. It purchases a building for office from Gajodhar Builders (Gurugram). It also enters into a separate contract with Gajodhar Builders for purchase of pre-installed office furniture and fixtures in the building.



Though there will be no GST liability on purchase of building (as sale of building is covered under Schedule III to CGST Act), office furniture and fixtures will be liable to GST. Since there is no movement of office furniture and fixtures, the place of supply of such goods is their location at the time of delivery to the recipient (Gangadhar Ltd.), i.e. Gurugram.

(iv) Supply of goods to an unregistered person [Section 10(1)(ca)]

Where the supply of goods is made to a person other than a registered person, the place of supply shall be:

- (i) the location as per the address of the said person recorded in the invoice issued in respect of the said supply and**
- (ii) the location of the supplier where the address of the said person is not recorded in the invoice.**

For the purposes of this clause, recording of the name of the State of the said person in the invoice shall be deemed to be the recording of the address of the said person.

Thus, place of supply in case of sales to unregistered persons is as follows:

Where the **address** of the unregistered person **is recorded** in the invoice.

• Place of supply is location as per address of unregistered person recorded in the invoice**

Where the **address** of the unregistered person **is not recorded** in the invoice.

• Place of supply is location of the supplier

*****Simply mentioning the State of unregistered person instead of complete address would be sufficient.***

There are cases where an unregistered person purchases goods over the counter (OTC) in one State and thereafter, transports the goods to another State (generally, the State where he resides). For instance, migrant workers, tourists, etc. who come to a State for work, tourism, etc. and purchase goods in that State to take it to their respective State. Similarly, in automobile sector, the residents of a State may travel to another State to purchase vehicle from that State to take advantage of lower registration charges and road tax, which vary from State to State and thereafter, take the vehicle to their State.

In such cases, the place of supply will be determined as per above mentioned provision.

Place of supply of the goods (particularly being supplied through e-commerce platform) to unregistered persons where billing address is different from the address of delivery of goods

Issue: Mr. A (unregistered person) located in X State places an order on an e-commerce platform for supply of a mobile phone, which is to be delivered at an address located in Y State. Mr. A, while placing the order on the e-commerce platform, provides the billing address located in X State. In such a scenario, what would be the place of supply of the said supply of mobile phone, whether the State pertaining to the billing address i.e. State X or the State pertaining to the delivery address i.e. State Y?



Clarification: As per the provisions of section 10(1)(ca) discussed above, the **place of supply of goods shall be the address of delivery of goods recorded on the invoice** i.e. State Y in the present case where the delivery address is located.

Also, in such cases involving supply of goods to an unregistered person, where the billing address and delivery address are different, the supplier may record the delivery address as the address of the recipient on the invoice for the purpose of determination of place of supply of the said supply of goods¹.



(v) Supply involving installation or assembly of goods [Section 10(1)(d)]

If the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly.

This is a case of composite supply of goods wherein two supplies are involved, supply of goods and ancillary supply of installation/assembling service. The principal supply is supply of goods which are being installed.



(5) Ghoomghoom Pvt. Ltd. (New Delhi) purchases a machine from Dhoom Pvt. Ltd. (New Delhi) for being installed

in its factory at Noida, Uttar Pradesh. The place of supply is the site at which the machine is installed, i.e. Noida.



(6) Pure Refineries (Mumbai, Maharashtra) gives a contract to Mowgli Ltd. (Ranchi, Jharkhand) to supply a machine which is required to be assembled in a power plant in its refinery located in Kutch, Gujarat. The place of supply is the site of assembly of machine, i.e. Kutch even though Pure refineries is located in Maharashtra.

¹ Circular No. 209/3/2024 GST dated 26.06.2024

(vi) Goods supplied on board a conveyance [Section 10(1)(e)]

When goods are sold supplied during a journey on board a conveyance, it becomes difficult to determine the place of supply of goods – whether it is the location from where the journey originates or whether it is the destination or whether it is any of the locations covered by the conveyance during the journey.

Therefore, section 10(1)(e) specifically provides for determination of place of supply of goods supplied on board a conveyance.

Examples of goods supplied on board a conveyance can be books and miscellaneous items supplied by the hawkers in train etc.

Section 10(1)(e) lays down that **place of supply of goods supplied on a board a conveyance like aircraft, train, vessel, motor vehicle is the location where such goods have been taken on board.**

Place of supply of goods supplied on board a conveyance is determined under this provision even if the supply has been made by any of the passenger on board the conveyance and not by the carrier of the conveyance.



(7) Maurya (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey.

The place of supply of goods is the location at which the goods are taken on board, i.e. New Delhi and not Jaipur where they have been sold.



4. PLACE OF SUPPLY OF SERVICES WHERE LOCATION OF SUPPLIER OF SERVICE AND THE LOCATION OF THE RECIPIENT OF SERVICE IS IN INDIA [SECTION 12]

 STATUTORY PROVISIONS		
Section 12	<i>Place of supply of services where location of supplier of service and the location of the recipient of service is in India</i>	
Sub-section	Clause	Particulars
(1)	<i>The provisions of this section shall apply to determine the place of supply of services where the location of supplier of services and the location of the recipient of services is in India.</i>	
(2)	<i>The place of supply of services, except the services specified in sub-sections (3) to (14),—</i>	
	(a)	<i>made to a registered person shall be the location of such person;</i>
	(b)	<i>made to any person other than a registered person shall be,—</i>
	(i)	<i>the location of the recipient where the address on record exists; and</i>
	(ii)	<i>the location of the supplier of services in other cases.</i>
(3)	<i>The place of supply of services,—</i>	
	(a)	<i>directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work; or</i>

	(b)	by way of lodging accommodation by a hotel, inn, guest house, home stay, club or campsite, by whatever name called, and including a house boat or any other vessel; or
	(c)	by way of accommodation in any immovable property for organising any marriage or reception or matters related thereto, official, social, cultural, religious or business function including services provided in relation to such function at such property; or
	(d)	any services ancillary to the services referred to in clauses (a), (b) and (c),
	shall be the location at which the immovable property or boat or vessel, as the case may be, is located or intended to be located:	
	Provided that if the location of the immovable property or boat or vessel is located or intended to be located outside India, the place of supply shall be the location of the recipient.	
	Explanation.—Where the immovable property or boat or vessel is located in more than one State or Union territory, the supply of services shall be treated as made in each of the respective 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.	
(4)	The place of supply of restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery shall be the location where the services are actually performed.	
(5)	The place of supply of services in relation to training and performance appraisal to	
	(a)	a registered person, shall be the location of such person;
	(b)	a person other than a registered person, shall be the location where the services are actually performed.

(6)	The place of supply of services provided by way of admission to a cultural, artistic, sporting, scientific, educational, entertainment event or amusement park or any other place and services ancillary thereto, shall be the place where the event is actually held or where the park or such other place is located.
(7)	The place of supply of services provided by way of,—
	(a) organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events; or
	(b) services ancillary to organisation of any of the events or services referred to in clause (a), or assigning of sponsorship to such events,—
	(i) to a registered person, shall be the location of such person;
	(ii) to a person other than a registered person, shall be the place where the event is actually held and if the event is held outside India, the place of supply shall be the location of the recipient.
Explanation.—Where the event is held in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such event, the place of supply of such services shall be taken as being in each of the respective 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.	
(8)	The place of supply of services by way of transportation of goods, including by mail or courier to,—
	(a) a registered person, shall be the location of such person;
	(b) a person other than a registered person, shall be the location at which such goods are handed over for their transportation.

(9)	<i>The place of supply of passenger transportation service to,—</i>	
	(a)	<i>a registered person, shall be the location of such person;</i>
	(b)	<i>a person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey;</i>
	<i>Provided that where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage, the place of supply of such service shall be determined in accordance with the provisions of sub-section (2).</i>	
		<i>Explanation.—For the purposes of this sub-section, the return journey shall be treated as a separate journey, even if the right to passage for onward and return journey is issued at the same time.</i>
(10)	<i>The place of supply of services 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.</i>	
(11)	<i>The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person shall,—</i>	
	(a)	<i>in case of services by way of fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna, be the location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services;</i>
	(b)	<i>in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing address of the recipient of services on the record of the supplier of services;</i>
	(c)	<i>in cases where mobile connection for telecommunication, internet service and direct to home television services are provided on pre-payment basis through a voucher or any other means,—</i> <i>(i) through a selling agent or a re-seller or a</i>

			distributor of subscriber identity module card or re-charge voucher, be the address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or
		(ii)	by any person to the final subscriber, be the location where such pre- payment is received or such vouchers are sold;
	(d)		in other cases, be the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be location of the supplier of services:
	Provided that where the address of the recipient as per the records of the supplier of services is not available, the place of supply shall be location of the supplier of services:		
	Provided further that if such pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment, the location of the recipient of services on the record of the supplier of services shall be the place of supply of such services.		
Explanation.—Where the leased circuit is installed in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such circuit, the place of supply of such services shall be taken as being in each of the respective 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.			
(12)	The place of supply of banking and other financial services, including stock broking services to any person shall be the location of the recipient of services on the records of the supplier of services:		
Provided that if the location of recipient of services is not on the records of the supplier, the place of supply shall be the location of the supplier of services.			

(13)	<i>The place of supply of insurance services shall,—</i>
<i>(a)</i>	<i>to a registered person, be the location of such person;</i>
<i>(b)</i>	<i>to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services.</i>
(14)	<i>The place of supply of advertisement services to the Central Government, a State Government, a statutory body or a local authority meant for the States or Union territories identified in the contract or agreement shall be taken as being in each of such States or Union territories and the value of such supplies specific to each State or Union territory shall be in proportion to the amount attributable to services provided by way of dissemination in the respective States or Union territories as may be 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.</i>



ANALYSIS

Section 12 contains the provisions for determining the place of supply of services where both the 'location of supplier of services' and the 'location of recipient of services' are in India².

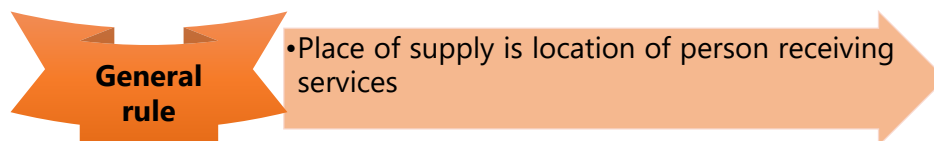
Section 12 lays down a general rule to determine the place of supply of services as well as few other rules to determine place of supply of certain specific services. Thus, place of supply is determined as per general rule in respect of services other than the ones covered by the specific rules. It is also important to note that in many cases, the section provides different places of supply for a service supplied to registered and unregistered persons.

It must be kept in mind that the provisions of section 12 discussed hereunder are all in relation to the domestic supply of services.

² If either of the two persons (supplier or recipient) is outside India, the place of supply is determined by section 13. Provisions relating to determination of place of supply of services where location of supplier or location of recipient is outside India are covered at the Final level.

(i) General Rule [Section 12(2)]

The rule is applicable only if the supply of service does not fall in any of the specific cases provided under section 12. The rule provides that the **place of supply of services made to a registered person is the location of the person receiving the services**. Since the supplier has the GSTIN of the person receiving the service, the location of such GSTIN is the place of supply.



However, if the services is supplied to an unregistered person, the place of supply is:

- a) the location of such unregistered person, if the address of the unregistered person is available in the records of the supplier
- b) the location of the supplier of services in other cases.

The provision can be summarized as under:

Nature of Supply	Place of Supply	
	Recipient is registered	Recipient is unregistered
Supply of services other than the ones specified in sub-sections (3) to (14) of section 12	Location of recipient	a) If the address of the unregistered person is available in the records of the supplier, the location of such unregistered person. b) In other cases, the location of the supplier of services



★ **The default presumption for place of supply in respect of registered recipients (B2B supply of services) is the location of such person. Since the recipient is registered, address of recipient is always there and the same can be taken as proxy for place of supply.**

★ **The default presumption for place of supply in respect of unregistered recipients (B2C supply of services) is also the location of recipient. However, in many cases, the address of recipient is not available; in such cases, location of the supplier of services is taken as proxy for place of supply. For instance, there are various B2C services where the address of the recipient is not recorded by the supplier of services. For instance, a person may visit a bank branch where he is not a regular customer and may get a demand draft against cash or request for conversion of foreign currency into local currency. The bank branch charges commission towards its consideration for the services supplied by it. The place of supply in such cases would be determined based on the location of the branch of the bank as the bank branch doesn't have the address of the said service recipient as a normal business practice.**



(8) Mr. Aryabhata (a Chartered Accountant registered in New Delhi) makes a supply of service to his client Champak Pvt. Ltd. of Noida, Uttar Pradesh (registered in Uttar Pradesh). In this case, since the supply is made to a registered person, the place of supply is the location of the registered recipient, i.e. Noida.

(9) Mr. Heeralal, a Chartered Accountant in Gurugram, Haryana, (registered in Haryana) provides consultancy services to his client Mr. Pannalal who is a resident of New Delhi but is not registered under GST. If the address of Mr. Pannalal is available in the records of Mr. Heeralal, location of Mr. Pannalal, i.e. New Delhi will be the place of supply, else the location of Mr. Heeralal, which is Gurugram, will be the place of supply.

(ii) Services in relation to an immovable property or lodging accommodation in a hotel/boat/vessel etc. [Section 12(3)]

Section 12(3) covers supplies of services which are (i) **directly** in relation to an immovable property, or (ii) by way of lodging accommodation in a hotel, etc. or a house-boat or vessel, or accommodation in any immovable property for

organizing social, business functions etc. Such services are classified in the following major categories:

(a) Services provided **directly** in relation to an immovable property including those by

- architects,
- interior decorators,
- surveyors,
- engineers and other related experts,
- estate agents



(b) Service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work

(c) Services provided by way of lodging accommodation by a:

- hotel
- inn
- guest house
- home stay
- club
- campsite
- house boat
- vessel



(d) Services provided by way of accommodation in an immovable property for organizing

- any marriage/reception or matters related thereto,
- official, social, cultural, religious or business functions
- including services provided in relation to such function at such property



(e) Services ancillary to the above-mentioned services

In all above cases, **location of the immovable property or the boat or the vessel or where such immovable property or the boat or the vessel is intended to be located, is the place of supply.**

This provision is applicable on property already constructed/ developed as well as on the property yet to be constructed/ developed. For example, if the services have been supplied for an immovable property which is yet to be constructed/developed (e.g. architect's services for drawing the plan of a building), the place where such immovable property is intended to be located is the place of supply.



If the immovable property/boat/vessel is located or intended to be located outside India, the location of recipient of the services shall be the place of supply.



(10) Sunami Builders (Mumbai) is constructing a factory building for Skylab Pvt. Ltd. (Kolkata), in New Delhi. The place of supply is the location of immovable property, i.e. New Delhi.



(11) Shah and Shah, an architectural firm at Kolkata, has been hired by Maurya Builders of Mumbai to draw up a plan for a high rise building to be constructed by them in Ahmedabad, Gujarat. The place of supply is the place where the immovable property is intended to be located, i.e. Ahmedabad.

(12) Kautilya, a Chartered Accountant, (New Delhi) travels to Mumbai for business and stays in a hotel there. The place of supply of accommodation service is the place where the hotel is located, i.e. Mumbai.

(13) Goluram, a consulting engineer based in Mumbai, Maharashtra renders professional services in respect of an immovable property of Bholuram of Bangalore located in Australia. Since the immovable property is located outside India, the place of supply of service is the location of recipient, i.e. Bangalore and not the place where the immovable property is located (Australia)³.

³ It is important to note that this case should not be confused with the case where either the supplier or recipient is located outside India. Here, the property is located outside India and both supplier and recipients are located in India.

The provision can be summarized as under:

Nature of Supply	Location of immovable property/ boat/ vessel	Place of Supply
Supply of services relating to immovable property or lodging accommodation in a hotel/boat/ vessel or accommodation in an immovable property for social/business/religious/cultural functions	In India	Location of such immovable property/ boat/ vessel
	Outside India	Location of the recipient

Immovable property/Boat/Vessel located in more than one State/Union territory

Sometimes immovable property may extend to more than one location, for example, a railway line, a national highway or a bridge on a river may originate in one State and end in the other State or a house boat stay may traverse more than one State.



In such cases, i.e. where the immovable property or boat or vessel is located in more than one State/Union territory, the service is deemed to have been supplied in each of the respective States/Union territories, **in proportion to the value for the services determined in terms of the contract or agreement** entered into in this regard.

Manner of determining proportionate value of service in the absence of a contract or agreement

In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services supplied in different States/Union territories (where the immovable property or boat or vessel is located) is computed in accordance with rule 4 of the IGST Rules as under:

S. No.	Type of service in relation to immovable property	Factor which determines the proportionate value of service supplied in different States/Union territories
(a)	Service provided by way of lodging accommodation by hotel, inn, guest house etc. and its ancillary services (other than the cases where such property is a single property located in 2 or more contiguous States/ Union territories or both)	Number of nights stayed in such property <i>Refer Example 14 on next page</i>
(b)	- All other services provided in relation to immovable property including services by way of accommodation in any immovable property for organising any marriage or reception etc. and in cases of supply of accommodation by a hotel, inn, guest house, club or campsite, by whatever name called where such property is a single property located in 2 or more contiguous States or/and Union territories - Services ancillary to services mentioned above	Area of the immovable property lying in each State/ Union territories <i>Refer Example 15</i>
(c)	Services by way of lodging accommodation by a house boat or vessel and its ancillary services	Time spent by the boat or vessel in each such State/ Union territories, to be determined on the basis of declaration made by the service provider <i>Refer Example 16</i>



Example 14 - Lodging accommodation by hotel/inn/guest house etc. and ancillary services excluding the property located in 2 or more contiguous States/ Union territories or both

Dondrila Hotel chain charges a consolidated sum of ₹ 30,000/- for stay in its two establishments in Delhi and Agra, where the stay in Delhi is for 2 nights and the stay in Agra is for 1 night. The place of supply in this case is both Delhi and Uttar Pradesh and the service shall be deemed to have been provided in Delhi and Uttar Pradesh in the ratio of 2:1 respectively. The value of services provided will thus be apportioned as ₹ 20,000/- in Delhi and ₹ 10,000/- in Uttar Pradesh.



Example 15 - Other services provided in relation to immovable property

There is a piece of land of area 20,000 square feet which is partly in State S1 say 12,000 square feet and partly in State S2, say 8000 square feet. Site preparation work has been entrusted to Munna Constructions. The ratio of land in the two States works out to 12:8 or 3:2 (simplified).



The place of supply is in both S1 and S2. The service shall be deemed to have been provided in the ratio of 12:8 or 3:2 (simplified) in the States S1 and S2 respectively. The value of the service shall be accordingly apportioned between the States.



Example 16 - Lodging accommodation by a house boat or vessel and its ancillary services

A company C provides the service of 24 hours accommodation in a houseboat, which will transit both in Kerala and Karnataka in as much as the guests board the house boat in Kerala and stay there for 22 hours but it also moves into Karnataka for 2 hours (as declared by the service provider). The place of supply of this service is in the States of Kerala and Karnataka. The service shall be deemed to have been provided in the ratio of 22:2 or 11:1 (simplified) in the States of Kerala and Karnataka, respectively. The value of the service shall be accordingly apportioned between the States.

Quiz Time!

Brijraj is on a business trip for 5 days where he has to stay for 3 days in Mumbai (Maharashtra) and 2 days in Ahmedabad (Gujarat). He stays in the hotels of Royal Group of Hotels for which a consolidated sum of ₹ 50,000/- was charged by the hotel for stay in its two establishments in Mumbai and Ahmedabad for 3 nights and 2 nights respectively. The place of supply in this case is in _____.

(a) Maharashtra and Gujarat both and the service shall be deemed to have been provided in Maharashtra and Gujarat in the ratio 3:2 respectively.

(b) Maharashtra as his stay was longer in Mumbai.

(c) Maharashtra and Gujarat both and the service shall be deemed to have been provided in Maharashtra and Gujarat in the ratio 1:1 respectively.

(d) Gujarat

Clarification regarding place of supply in case of supply of services in respect of advertising sector

Advertising companies are often involved in procuring space on hoardings/ bill-boards erected and mounted on buildings/land, in different States, from various suppliers ("vendors") for providing advertisement services to its corporate clients. There may be variety of arrangements between the advertising company and its vendors as below:

- (i) **Issue:** *There may be a case wherein there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure. What will be the place of supply of services provided by the vendor to the advertising company in such case?*



Clarification: *The hoarding/structure erected on the land should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable property or grant of rights to*

use an immovable property shall be governed by the provisions of section 12(3)(a).

As per section 12(3)(a) discussed above, the place of supply of services directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or coordination of construction work shall be the location at which the immovable property is located.

Therefore, the place of supply of service provided by way of supply of sale of space on hoarding/ structure for advertising or for grant of rights to use the hoarding/ structure for advertising in this case would be the location where such hoarding/ structure is located.

- (ii) **Issue:** *There may be another case where the advertising company wants to display its advertisement on hoardings/ billboards at a specific location availing the services of a vendor.*

The responsibility of arranging the hoardings/ billboards lies with the vendor who may himself own such structure or may be taking it on rent or rights to use basis from another person. The vendor is responsible for display of the advertisement of the advertising company at the said location.

During this entire time of display of the advertisement, the vendor is in possession of the hoarding/structure at the said location on which advertisement is displayed and the advertising company is not occupying the space or the structure. In this case, what will be the place of supply of such services provided by the vendor to the advertising company?

Clarification: *In this case, as the service is being provided by the vendor to the advertising company and there is no supply (sale) of space/ supply (sale) of rights to use the space on hoarding/structure (immovable property) by the vendor to the advertising company for display of their advertisement on the said display*



board/structure, the said service does not amount to sale of advertising space or supply by way of grant of rights to use immovable property.

Accordingly, the place of supply of the same shall not be covered under section 12(3)(a). Vendor is in fact providing advertisement services by providing visibility to an advertising company's advertisement for a specific period of time on his structure possessed/taken on rent by him at the specified location.

Therefore, such services provided by the vendor to advertising company are purely in the nature of advertisement services in respect of which place of supply shall be determined in terms of section 12(2) [discussed earlier in this chapter]⁴.

(iii) Restaurant and catering service, personal grooming, fitness, beauty and health services [Section 12(4)]

The place of supply of restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery is the location where such services are actually performed.



⁴ Circular No. 203/15/2023 GST dated 27.10.2023



(17) Mr. Dadlani, a businessman from Hyderabad dines in a restaurant at Mumbai while on a business trip. The place of supply of restaurant service is the location where such service is performed, i.e. Mumbai.

(18) Timmy Ferreira, a makeup artist at Kolkata, goes to Jaipur, Rajasthan for doing the makeup of Ms. Simran Kapoor, a Bollywood actress based in Mumbai. The place of supply is the location where such service is performed, i.e. Jaipur.

(iv) Training and performance appraisal services [Section 12(5)]

The place of supply of services in relation to training and performance appraisal depends upon whether the supply is B2B or B2C.

In B2B supply, i.e. **where the recipient of service is a registered person, the place of supply is the location of such person.**



However, in case of B2C supply, i.e. **where the recipient of service is unregistered, the place of supply is the place where the service is actually performed.**



(19) Mr. Suresh (unregistered person based in Noida) signs up with

Excellent Linguistics (New Delhi) for receiving training on English speaking at their New Delhi Centre.

Since the recipient is unregistered, the place of supply is the location where services are provided, i.e. New Delhi.





DEO Consultants (Kolkata) impart GST training to accounts and finance personnel of Sun Cements Ltd., Guwahati, Assam (registered office) at the company's Mumbai (Maharashtra) office which is also registered under GST. The contract is entered with Guwahati office. In the given case, place of supply is _____.

(a) Kolkata	(b) Assam	(c) Maharashtra	(b) Either Assam or Maharashtra at the option of Sun Cements Ltd.
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(v) Services by way of ADMISSION to events/amusement park/other places [Section 12(6)]

The place of supply of following services-

- (i) services provided by way of ADMISSION to following types of events:

	Cultural
Sporting	
	Educational, Scientific
Entertainment	
	Artistic

- (ii) services provided by way of ADMISSION to amusement park or any other place
- (iii) services ancillary to the above-mentioned services

is the **place where the event is actually held or where the park or such other place is located.**



(20) Virubhai Virani, a resident of Ghaziabad, Uttar Pradesh, buys a ticket for a circus organized at Gurugram, Haryana by a circus company based in New Delhi. The place of supply is the location where the circus is held, i.e. Gurugram.

(21) Manasvi of New Delhi buys a ticket for an amusement park located in Noida, Uttar Pradesh. The place of the supply is the location where the park is located, i.e. Noida.

(vi) ORGANISATION of events [Section 12(7)]

For supplies related to ORGANISATION of events or assigning sponsorship to such events, the place of supply depends on whether the supply is made to a registered person or an unregistered person.

When such service is provided to a registered person, the place of supply is location of recipient.

When it is provided to an unregistered person, the place of supply is the location where the event is actually held and if the event is held outside India, the place of supply is the location of recipient.

The event can be a cultural, artistic, sporting, scientific, educational or entertainment event. It can also be a conference, fair, exhibition, celebration or other similar event.

Place of supply of services ancillary to organisation of such type of events or assigning of sponsorship to such events is also determined under sub-section (7) of section 12, i.e. in the manner described above. The provision have been summarized on next page:

Nature of Supply	Place of Supply	
	Recipient is registered	Recipient is unregistered
Organisation of events or services ancillary to the same or assigning of sponsorship to such events	Location of recipient	Location where the event is held
Organisation of events outside India		Location of recipient



(22) Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), at Mumbai.

Since the recipient is a registered person, the place of supply is the location of the recipient, i.e. Ahmedabad.

(23) Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), in Mauritius. Since the recipient is a registered person, the place of supply is the location of the recipient, i.e. Ahmedabad.

Event held in more than one State/Union territory

If the event is held in more than one State/Union territory and a consolidated amount is charged for services relating to such event, the place of supply of such services is deemed to be in each of the respective States/Union territories in proportion to the value for services determined in terms of the contract or agreement entered into in this regard.

The above provision is applicable only when the recipient is unregistered, as for a registered recipient, the place of supply is the location of such recipient.

Manner of determining proportionate value of service in the absence of a contract or agreement

In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services made in different States/Union

territories (where the event is held) is computed in accordance with rule 5 of the IGST Rules by the application of generally accepted accounting principles.



(24) An event management company - Moonlight Events Private Limited - has to organize some promotional events in States S1 and S2 for a recipient Mr. Atmaram (unregistered). 3 events are to be organized in S1 and 2 in S2. They charge a consolidated amount of ₹ 10,00,000 from Mr. Atmaram.



The place of supply of this service is in both the States S1 and S2. Say the proportion arrived at by the application of generally accepted accounting principles is 3:2. The service shall be deemed to have been provided in the ratio 3:2 in S1 and S2 respectively. The value of services provided will thus be apportioned as ₹ 6,00,000/- in S1 and ₹ 4,00,000/- in S2.

Quiz Time!



4

Grand Wedding Planners (Chennai) is hired by Laddoo Singh (unregistered person based in Hyderabad) to plan and organise his wedding. The place of supply is (i) _____ if wedding is to be held at New Delhi, or (ii) _____ if wedding is to be held in Seychelles.

(a) New Delhi;
Hyderabad

(b) New Delhi;
Seychelles

(c) Chennai;
Seychelles

(d) Chennai;
Hyderabad

(vii) Transportation of goods including mail or courier [Section 12(8)]

The place of supply of services by way of transportation of goods, including by mail or courier, etc. provided to a registered person, is the location of such person. However, where such services are provided to an unregistered person, the place of supply is the location at which such goods are handed over for their transportation.



Where the goods are being transported outside India, i.e. where the destination of goods transported is outside India, and the supplier of services by way of transportation of goods and its recipient are located in India, place of supply will be determined as per above provisions only.



(25) M/s Sukhiram Pvt. Ltd. is a registered company in New Delhi. It sends its courier to Pune through M/s Brue Air Courier Service. The recipient being registered person, the place of supply is the location of recipient, i.e. New Delhi.

(26) Mr. Bindisaar, an unregistered person, of New Delhi sends a courier to his brother in Amritsar, Punjab. The recipient being unregistered person, the place of supply is the location where goods are handed over for their transportation, i.e. New Delhi.

(27) Pinelaps Pvt. Ltd., a Goods Transportation Agency based in Kanpur, Uttar Pradesh, is hired by Hezal Enterprises (registered in Kanpur) to transport its consignment of goods to a buyer in New Delhi. The recipient being registered, the place of supply is the location of recipient, i.e. Kanpur.

(28) Sukhwinder Transports Pvt. Ltd., a Goods Transportation Agency based in Noida, Uttar Pradesh, is hired by Chhaya Trade Links (registered supplier in New Delhi) to transport its consignment of goods to a buyer in Kanpur, Uttar Pradesh. The recipient being registered, the place of supply is the location of recipient, i.e. New Delhi.

(29) Mr. Srikant, a manager in a Bank, is transferred from Bareilly, Uttar Pradesh to Bhopal, Madhya Pradesh. Mr. Srikant's family is stationed in Kanpur, Uttar Pradesh. He hires Goel Carriers of Lucknow, Uttar Pradesh

(registered in Uttar Pradesh), to transport his household goods from Kanpur to Bhopal. The recipient being unregistered person, the place of supply is the location where goods are handed over for their transportation, i.e. Kanpur.

(viii) Passenger transportation service [Section 12(9)]

Nature of Supply	Place of Supply	
	Recipient is registered	Recipient is unregistered
Passenger transportation	Location of the recipient	Location where the passenger embarks on the conveyance for a continuous journey [See definition]
Issue of right to passage for future use and the point of boarding not known at the time of issue of right to passage		a) If the address of the unregistered person is available in the records of the supplier, the location of such unregistered person. b) In other cases, the location of the supplier of services

The return journey is treated as a separate journey, even if the tickets for onward and return journey are issued at the same time.



(30) Mr. Amar (registered person in New Delhi) travels from Mumbai to Bangalore in Airjet flight. Mr. Amar has bought the tickets for the journey from Airjet's office registered in New Delhi. The place of supply is the location of recipient, i.e. New Delhi.

(31) Mr. Subramanian (unregistered person in Chennai) has come to Delhi on a vacation. He buys pre-paid Delhi Metro Card from Delhi Metro (New Delhi) for hassle free commute in the National Capital Region. Recipient being unregistered person, the place of supply is the address of Mr. Subramanian, i.e. Chennai. If address of Mr. Subramanian is not available with the Delhi Metro, the place of supply will be the location of the supplier of services, i.e. New Delhi.

(32) Mr. Shyam, an unregistered person, based in Gurugram, Haryana books a two-way air journey ticket from New Delhi to Mumbai on 5th December. He leaves New Delhi on 10th December in a late-night flight and lands in Mumbai the next day. He leaves Mumbai on 14th December in a morning flight and lands in New Delhi the same day. The return journey is treated as a separate journey, even if the tickets for onward and return journey are issued at the same time. Thus, being an unregistered person, the place of supply for the outward and return journeys are the locations where the unregistered person embarks on the conveyance for the continuous journey, i.e. New Delhi and Mumbai respectively.



Examples of issue of right to passage for future use-point of boarding not known at the time of issue of right

(33) An airline may issue seasonal tickets, containing say 10 vouchers which could be used for travel between any two locations in the country.

(34) The card issued by New Delhi metro could be used by a person located in Noida, or New Delhi or Faridabad, without the New Delhi metro being able to distinguish the location or journeys at the time of receipt of payment.

(ix) Service supplied on board a conveyance [Section 12(10)]

Nature of Supply	Place of Supply
Service supplied on board a conveyance*	Location of the first scheduled point of departure of that conveyance for the journey

* Note - Conveyance includes a vessel, an aircraft, a train or a motor vehicle.

You may recollect that the proxy for place of supply of goods on board a conveyance is the location at which the goods are taken on board. Services being intangible, the same proxy cannot be used for determining the place of supply for services supplied on board a conveyance. Therefore, for services, the proxy is the location of the first scheduled point of departure of that conveyance for the journey. However, for determining the place of supply of both goods and services supplied on board a conveyance, no distinction is made between registered and unregistered recipients.



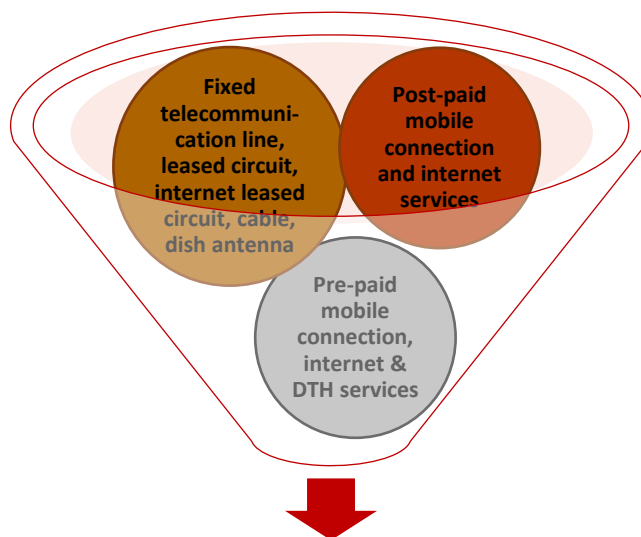
(35) Mr. Raidhan is travelling from Delhi to Mumbai in an Airjet flight. He desires to watch an English movie during the journey by making the necessary payment. The place of supply of such service of showing 'movie on demand' is the first scheduled point of departure of the conveyance for the journey, i.e. Delhi.

(x) Telecommunication service [Section 12(11)]

Telecommunication services include the services of telephone, data transfer (internet), broadcasting, cable, DTH (Direct to home) services, etc. Section 12(11) classifies the telecommunication services into 3 categories for the purpose of determining the place of supply as under:

- ☐ Services provided using a fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna
- ☐ Post-paid mobile connection and post-paid internet services
- ☐ Pre-paid mobile connection and pre-paid internet and DTH services





Telecommunication Services

The place of supply of the various types of telecommunication services is tabulated as under:

Nature of Supply	Place of Supply	Recipient
☐ Fixed telecommunication line ☐ Leased circuits ☐ Internet leased circuit ☐ Cable or dish antenna	Location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services	ANY PERSON
Post-paid mobile connection and internet services	- Location of billing address of the recipient of services in the records of the supplier of services - Location of the supplier of services, if the address is not available	
Pre-paid mobile connection, internet services and DTH services (recharge coupon,		

vouchers, net pack etc.)		
Services provided through a ☐ selling agent ☐ re-seller ☐ distributor of subscriber identity module card or recharge voucher	Address of the selling agent/ re-seller/ distributor at the time of supply	
Services provided by any person to final subscriber	Location where such pre- payment is received or such vouchers are sold	
Pre-paid services, the payment for which is made through internet banking/ other electronic mode of payment	Location of the recipient of services in the records of the supplier of services	
Other cases	• The address of the recipient as per the records of the supplier of services • Location of the supplier of services, if the address is not available	



(36) Mr. Samudragupta (Kolkata) gets a landline phone installed at his home in Kolkata from Skybel Ltd. The place of supply is the location where the telecommunication line is installed, i.e. Kolkata.

(37) Mr. Rajkumar (Mumbai) gets a DTH installed at his home in his village in Uttar Pradesh from RT Ltd. The place of supply is the location where the DTH is installed, i.e. Uttar Pradesh.

(38) Mr. Shastri (Mumbai) takes a post-paid mobile connection in Mumbai from Blubel Ltd. and gives his residence address at Mumbai as the address for billing with supplier. The place of supply is the location of billing address of the recipient, i.e. Mumbai.

(39) Mr. George (New Delhi) gets his post-paid mobile bill (billing address New Delhi) paid online from Goa. The place of supply is the location of the billing address of the recipient, i.e. New Delhi.

(40) Mr. Jhumroo (Pune) purchases a pre-paid card from a selling agent in Mumbai. The place of supply is the address of the selling agent or re-seller, i.e. Mumbai.

(41) Mr. Freddy (Puducherry) gets a pre-paid mobile recharged from a grocery shop in Chennai. The place of supply is the location where such pre-payment is received, i.e. Chennai.

Leased circuit is installed in more than one State/Union territory

If the leased circuit is installed in more than one State/Union territory and a consolidated amount is charged for supply of services, the place of supply is deemed to be in each of the respective States/Union territories in proportion to the value for services determined in terms of the contract or agreement entered into in this regard.

Manner of determining proportionate value of service in the absence of a contract or agreement

In the absence of a contract or agreement between the supplier and recipient of services, the value of services supplied in different States/Union territories (where the leased circuit is installed) is determined in accordance with rule 6 of the IGST Rules in proportion to the number of points lying in each such State/ Union territory.

The number of points in a circuit is determined in the following manner-

- (i) In the case of a circuit between two points or places, the starting point or place of the circuit and the end point or place of the circuit will invariably constitute two points – *Refer Example 42*
- (ii) Any intermediate point or place in the circuit will also constitute a point provided that the benefit of the leased circuit is also available at that intermediate point – *Refer Example 43 & 44*



Example 42 – Circuit between two points or places

Trinity Ltd. installs a leased circuit between the Delhi and Mumbai offices of Inertia Pvt. Ltd. The starting point of this circuit is in Delhi and

the end point of the circuit is in Mumbai. Hence, one point of this circuit is in Delhi and another in Maharashtra. The place of supply of this service is in the Union territory of Delhi and the State of Maharashtra. The service shall be deemed to have been provided in the ratio of 1:1 in the Union territory of Delhi and the State of Maharashtra, respectively.



Example 43 – Intermediate point or place in the circuit

Turbo Ltd. installs a leased circuit between the Chennai, Bengaluru and Mysuru offices of Rio Ltd. The starting point of this circuit is in Chennai and the end point of the circuit is in Mysuru. The circuit also connects Bengaluru. Hence, one point of this circuit is in Tamil Nadu and two points in Karnataka. The place of supply of this service is in the States of Tamil Nadu and Karnataka. The service shall be deemed to have been provided in the ratio of 1:2 in the States of Tamil Nadu and Karnataka, respectively.



Example 44 – Intermediate point or place in the circuit

Sriram Ltd. installs a leased circuit between the Kolkata, Patna and Guwahati offices of Srishyam Ltd. There are 3 points in this circuit in Kolkata, Patna and Guwahati. One point each of this circuit is, therefore, in West Bengal, Bihar and Assam. The place of supply of this service is in the States of West Bengal, Bihar and Assam. The service shall be deemed to have been provided in the ratio of 1:1:1 in the States of West Bengal, Bihar and Assam, respectively.

(xi) Financial and stock broking services [Section 12(12)]



The place of supply of banking and other financial services, including stock



broking services to any person is the **location of the recipient of services in the records of the supplier of services**. However, if the location of recipient of services is not available in the records of the supplier, the place of supply is the **location of the supplier of services**.



(45) Mr. Debdas (Chennai) buys shares from a broker in BSE (Mumbai). The place of supply is the location of the recipient of services in the records of the supplier, i.e. Chennai.

(46) Mr. Arihant (New Delhi) withdraws money from Best Bank's ATM in Amritsar. Mr. Arihant has crossed his limit of free ATM withdrawals. The place of supply is the location of the recipient of services in the records of the supplier, i.e. New Delhi.

(47) Mr. Rishabh from Varanasi, Uttar Pradesh, visits a bank registered in New Delhi to get a demand draft made. Mr. Rishabh does not have any account with the said bank. Therefore, since the location of recipient is not available in the records of the supplier, the place of supply is the location of the supplier of services, i.e. New Delhi.

(xii) Insurance services [Section 12(13)]

The place of supply of insurance services is the **location of recipient when provided to a registered recipient**.

If such services are provided to a person other than a registered person, the place of supply is the **location of the recipient of services in the records of the supplier of services**.



(48) Mr. Shantaram, CEO of Shaurya Ltd., Mumbai (a company registered in Maharashtra) buys insurance cover for the inventory stored in company's factory located at Mumbai, from Excellent Insurers, Chennai (registered in Tamil Nadu). The place of supply is the location of the registered recipient, i.e. Mumbai.

(49) Ms. Barbie (unregistered resident of Kolkata) goes to her native place Patna, Bihar and buys a medical insurance policy for her parents there from Safe Insurers, Patna (registered in Bihar). The place of supply is the location of the recipient of services in the records of the supplier, i.e. Patna.

(xiii) Advertisement service to the Government [Section 12(14)]

Nature of Supply	Place of Supply
Advertisement service to the Central Government/ State Government/ Statutory body/ Local authority meant for the State/Union territory identified in contract or agreement	Each of such States/ Union territories where the advertisement is broadcasted/ run / played/ disseminated.

The value of such supplies specific to each State/Union territory is in proportion to the amount attributable to the services provided by way of dissemination in the respective States/Union territories determined in terms of the contract or agreement entered into in this regard.

Manner of determining proportionate value of service in the absence of a contract or agreement

In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of advertisement services attributable to different States/Union territories (where the advertisement is broadcasted/ run / played/disseminated) is computed in accordance with rule 3 of the IGST Rules as under:

Sl. No.	Type of advertisement	Value of service attributable to dissemination in different States/Union territories where the advertisement is broadcasted/ run / played/disseminated
1.	Advertisements in newspapers and publications	Amount payable for publishing an advertisement in all the editions of a newspaper or publication, which are published in each State/Union territory <i>Refer Example 50</i>

2.	Advertisements through printed material like pamphlets, leaflets, diaries, calendars, T-shirts, etc.	Amount payable for the distribution of a specific number of such material in each State/Union territory <i>Refer Example 51</i>
3.	Advertisements in hoardings (other than those on trains)	Amount payable for the hoardings located in each State/ Union territory <i>Refer Example 52</i>
4.	Advertisements on trains	Amount attributable to each State/Union territory calculated in the ratio of length of the railway track in each of such State/Union territory, for that train <i>Refer Example 53</i>
5.	Advertisements on the back of utility bills of oil and gas companies, etc.	Amount payable to each State/Union territory for the advertisements on bills pertaining to consumers having billing addresses in each of such State/Union territory
6.	Advertisements on railway tickets	Amount attributable to each State/Union territory calculated in the ratio of number of Railway Stations in each of such State/Union territory <i>Refer Example 54</i>
7.	Advertisements on radio stations	Amount payable to such radio station, which by virtue of its name is part of each State/Union territory <i>Refer Example 55</i>
8.	Advertisement on television channels	Amount attributable to each State/Union territory calculated basis the viewership of such channel in each of such State/ Union territory which

		shall be derived as under: - Viewership can be ascertained from the channel viewership figures published by the Broadcast Audience Research Council. - Figures for the last week of a given quarter is used for calculating viewership for the succeeding quarter. - Where the channel viewership figures relate to a region comprising of more than one State/Union territory, the viewership figures for a State/Union territory of that region, is calculated in ratio of the populations of that State/Union territory, as determined in the latest Census. - The ratio of the viewership figures for each State or Union territory so calculated, when applied to the amount payable for the service, shall represent the portion of the value attributable to the dissemination in that State or Union territory <i>Refer Example 56</i>
9.	Advertisements in cinema halls	Amount payable to a cinema hall or screens in a multiplex in each State/Union territory. <i>Refer Example 57</i>
10.	Advertisements on internet	Amount attributable to each State/Union territory calculated basis

	It is deemed that such service is provided all over India.	the internet subscribers in each of such State/ Union territory which shall be derived in the following manner: - Internet subscribers can be ascertained from the internet subscriber figures published by the Telecom Regulatory Authority of India (TRAI). - Figures for the last quarter of a given financial year will be used for calculating the number of internet subscribers for the succeeding financial year. - Where the internet subscriber figures relate to a region comprising of more than one State/Union territory, the subscriber figures for a State/Union territory of that region shall be calculated in the ratio of the populations of that State/Union territory, as determined in the latest census. - The ratio of the subscriber figures for each State or Union territory so calculated, when applied to the amount payable for the service, shall represent the portion of the value attributable to the dissemination in that State or Union territory <i>Refer Example 58</i>
11.	Advertisements through SMS	Amount attributable to each State/Union territory calculated on the basis of the telecom subscribers in each of such State/ Union territory.

		(a) Telecom subscribers in a telecom circle can be ascertained from the telecom subscribers figures published by the TRAI. Figures for a given quarter will be used for calculating the subscribers for the succeeding quarter. (b) Where such figures relate to a telecom circle comprising of more than one State/Union territory, the subscriber figures for that State/Union territory shall be calculated in the ratio of the populations of that State/Union territory, as determined in the latest census. <i>Refer Examples 59-62</i>
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Example 50 - Advertisements in newspapers and publications

ABC is a government agency which deals with the all the advertisement and publicity of the Government. It has various wings dealing with various types of publicity. In furtherance thereof, it issues release orders to various agencies and entities. These agencies and entities thereafter provide the service and then issue invoices to ABC indicating the amount to be paid by them. ABC issues a release order to a newspaper for an advertisement on 'Beti bachao beti padhao', to be published in the newspaper DEF (whose head office is in Delhi) for the editions of Delhi, Pune, Mumbai, Lucknow and Jaipur. The release order will have details of the newspaper like the periodicity, language, size of the advertisement and the amount to be paid to such a newspaper.



The place of supply of this service shall be in the Union territory of Delhi, and the States of Maharashtra, Uttar Pradesh and Rajasthan. The amounts

payable to the Pune and Mumbai editions would constitute the proportion of value for the State of Maharashtra which is attributable to the dissemination in Maharashtra. Likewise, the amount payable to the Delhi, Lucknow and Jaipur editions would constitute the proportion of value attributable to the dissemination in the Union territory of Delhi and States of Uttar Pradesh and Rajasthan respectively. DEF should issue separate State-wise and Union territory-wise invoices based on the editions.



Example 51 - Advertisements through printed material like pamphlets, leaflets, diaries, calendars, T-shirts, etc.

As a part of the campaign 'Swachh Bharat', ABC has engaged a company GH for printing of 1,00,000 pamphlets (at a total cost of ₹ 1,00,000) to be distributed in the States of Haryana, Uttar Pradesh and Rajasthan. In such a case, ABC should ascertain the breakup of the pamphlets to be distributed in each of the three States, i.e. Haryana, Uttar Pradesh and Rajasthan, from the Ministry or department concerned at the time of giving the print order. Let us assume that this breakup is 20,000, 50,000 and 30,000 respectively. This breakup should be indicated in the print order.



The place of supply of this service is in Haryana, Uttar Pradesh and Rajasthan. The ratio of this breakup, i.e. 2:5:3 will form the basis of value attributable to the dissemination in each of the three States. Separate invoices will have to be issued State-wise by GH to ABC indicating the value pertaining to that State, i.e. ₹ 20,000 - Haryana, ₹ 50,000 - Uttar Pradesh and ₹ 30,000 - Rajasthan.



Example 52 - Advertisements in hoardings (other than those on trains)

ABC as part of the campaign 'Saakshar Bharat' has engaged a firm IJ for putting up hoardings near the Airports in the 4 metros, i.e. Delhi, Mumbai, Chennai and Kolkata. The release order issued by ABC to IJ will have the city-wise, location-wise breakup of the amount payable for such hoardings.



The place of supply of this service is in the Union territory of Delhi and the States of Maharashtra, Tamil Nadu and West Bengal. In such a case, the amount actually paid to IJ for the hoardings in each of the 4 metros will constitute the value attributable to the dissemination in the Union territory of Delhi and the States of Maharashtra, Tamil Nadu and West Bengal respectively. Separate invoices will have to be issued State-wise and Union territory-wise by IJ to ABC indicating the value pertaining to that State/UT.



Example 53 - Advertisements on trains

ABC places an order on KL for advertisements to be placed on a train with regard to the 'Janani Suraksha Yojana'. The length of a track in a State will vary from train to train. Thus, for advertisements to be placed on the Hazrat Nizamuddin Vasco Da Gama Goa Express which runs through Delhi, Haryana, Uttar Pradesh, Madhya Pradesh, Maharashtra, Karnataka and Goa, KL may ascertain the total length of the track from Hazrat Nizamuddin to Vasco Da Gama as well as the length of the track in each of these States and Union territory from the website www.indianrail.gov.in.



The place of supply of this service is in the Union territory of Delhi and States of Haryana, Uttar Pradesh, Madhya Pradesh, Maharashtra Karnataka and Goa. The value of the supply in each of these States and Union territory attributable to the dissemination in these States will be in the ratio of the length of the track in each of these States and Union territory. If this ratio works out to say 0.5:0.5:2:2:3:3:1, and the amount to be paid to KL is Rs. 1,20,000, then KL will have to calculate the State-wise and Union territory-wise breakup of the value of the service, which will be in the ratio of the length of the track in each State and Union territory.

In the given example, the State-wise and Union territory-wise breakup works out to Delhi (₹ 5,000), Haryana (₹ 5,000), Uttar Pradesh (₹ 20,000), Madhya Pradesh (₹ 20,000), Maharashtra (₹ 30,000), Karnataka (₹ 30,000) and Goa (₹ 10,000). Separate invoices will have to be issued State-wise and Union territory-wise by KL to ABC indicating the value pertaining to that State or Union territory.



Example 54 - Advertisements on railway tickets

ABC has issued a release order to MN for display of advertisements relating to the 'Ujjwala' scheme on the railway tickets that are sold from all the Stations in the States of Madhya Pradesh and Chattisgarh.

The place of supply of this service is in Madhya Pradesh and Chattisgarh. The value of advertisement service attributable to these two States will be in the ratio of the number of railway stations in each State as ascertained from the Railways or from the website www.indianrail.gov.in.



Let us assume that this ratio is 713:251 and the total bill is ₹ 9,640. The breakup of the amount between Madhya Pradesh and Chattisgarh in this ratio of 713:251 works out to ₹ 7,130 and ₹ 2,510 respectively. Separate invoices will have to be issued State-wise by MN to ABC indicating the value pertaining to that State.



Example 55 - Advertisements on radio stations

For an advertisement on 'Pradhan Mantri Ujjwala Yojana', to be broadcast on a FM radio station OP, for the radio stations of OP Kolkata, OP Bhubaneswar, OP Patna, OP Ranchi and OP Delhi, the release order issued by ABC will show the breakup of the amount which is to be paid to each of these radio stations.



The place of supply of this service is in West Bengal, Odisha, Bihar, Jharkhand and Delhi. The place of supply of OP Delhi is in Delhi even though the studio may be physically located in another State. Separate invoices will have to be issued State-wise and Union territory-wise by MN to ABC based on the value pertaining to each State or Union territory.



Example 56 - Advertisement on television channels

ABC issues a release order with QR channel for telecasting an advertisement relating to the 'Pradhan Mantri Kaushal Vikas Yojana' in the month of November, 2017. In the first phase, this will be telecast in the Union territory of Delhi, States of Uttar Pradesh, Uttarakhand, Bihar and Jharkhand.

The place of supply of this service is in Delhi, Uttar Pradesh, Uttarakhand, Bihar and Jharkhand. In order to calculate the value of supply attributable to Delhi, Uttar Pradesh, Uttarakhand, Bihar and Jharkhand, QR has to proceed as under —

I. QR will ascertain the viewership figures for their channel in the last week of September 2017 from the Broadcast Audience Research Council. Let us assume it is 1,00,000 for Delhi and 2,00,000 for the region comprising of Uttar Pradesh and Uttarakhand and 1,00,000 for the region comprising of Bihar and Jharkhand.



II. Since the Broadcast Audience Research Council clubs Uttar Pradesh and Uttarakhand into one region and Bihar and Jharkhand into another region, QR will ascertain the population figures for Uttar Pradesh, Uttarakhand, Bihar and Jharkhand from the latest census.

III. By applying the ratio of the populations of Uttar Pradesh and Uttarakhand, as so ascertained, to the Broadcast Audience Research Council viewership figures for their channel for this region, the viewership figures for Uttar Pradesh and Uttarakhand can be calculated. Let us assume that the ratio of the populations of Uttar Pradesh and Uttarakhand works out to 9:1. When this ratio is applied to the viewership figures of 2,00,000 for this region, the viewership figures for Uttar Pradesh and Uttarakhand work out to 1,80,000 and 20,000 respectively.

IV. In a similar manner, the breakup of the viewership figures for Bihar and Jharkhand can be calculated. Let us assume that the ratio of populations is 4:1 and when this is applied to the viewership figure of 1,00,000 for this region, the viewership figure for Bihar and Jharkhand works out to 80,000 and 20,000 respectively.

V. The viewership figure for each State works out to Delhi (1,00,000), Uttar Pradesh (1,80,000), Uttarakhand (20,000), Bihar (80,000) and Jharkhand (20,000). The ratio is thus 10:18:2:8:2 or 5:9:1:4:1 (simplification).



VI. This ratio has to be applied when indicating the breakup of the amount pertaining to each State. Thus, if the total amount payable to QR by ABC is ₹ 20,00,000, the State-wise breakup is ₹ 5,00,000 (Delhi), ₹ 9,00,000

(Uttar Pradesh) ₹ 1,00,000 (Uttarakhand), ₹ 4,00,000 (Bihar) and ₹ 1,00,000 (Jharkhand). Separate invoices will have to be issued State-wise and Union territory-wise by QR to ABC indicating the value pertaining to that State or Union territory.



Example 57 - Advertisements in cinema halls

ABC commissions ST for an advertisement on 'Pradhan Mantri Awas Yojana' to be displayed in the cinema halls in Chennai and Hyderabad. The place of supply of this service is in the States of Tamil Nadu and Telangana. The amount actually paid to the cinema hall or screens in a multiplex, in Tamil Nadu and Telangana as the case may be, is the value of advertisement service in Tamil Nadu and Telangana respectively. Separate invoices will have to be issued State-wise and Union territory-wise by ST to ABC indicating the value pertaining to that State.



Example 58 - Advertisements on internet

ABC issues a release order to WX for a campaign over internet regarding linking Aadhaar with one's bank account and mobile number. WX runs this campaign over certain websites. In order to ascertain the State-wise breakup of the value of this service which is to be reflected in the invoice issued by WX to ABC, WX has to first refer to the Telecom Regulatory Authority of India figures for quarter ending March, 2017, as indicated on their website www.traai.gov.in. These figures show the service area wise internet subscribers. There are 22 service areas. Some relate to individual States some to two or more States and some to part of one State and another complete State. Some of these areas are metropolitan areas.

In order to calculate the State-wise breakup, first the State-wise breakup of the number of internet subscribers is arrived at. (In case figures of internet subscribers of one or more States are clubbed, the subscribers in each State is to be arrived at by applying the ratio of the respective populations of these States as per the latest census.). Once the actual number of subscribers for each State has been determined, the second step for WX involves calculating the State-wise ratio of internet subscribers. Let us assume that this works out to 8:1:2..... and so on for Andhra Pradesh, Arunachal Pradesh, Assam... and so on. The third step for WX will be to apply these ratios to the total amount payable to WX so as to arrive at the

value attributable to each State. Separate invoices will have to be issued State-wise and Union territory-wise by WX to ABC indicating the value pertaining to that State or Union territory.



Advertisements through SMS

(59) In the case of the telecom circle of Assam, the amount attributed to the telecom circle of Assam is the value of advertisement service in Assam.

(60) The telecom circle of North East covers the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura. The ratio of populations of each of these States in the latest census will have to be determined and this ratio applied to the total number of subscribers for this telecom circle so as to arrive at the State-wise figures of telecom subscribers. Separate invoices will have to be issued State-wise by the service provider to ABC indicating the value pertaining to that State.



(61) ABC commissions UV to send short messaging service to voters asking them to exercise their franchise in elections to be held in Maharashtra and Goa. The place of supply of this service is in Maharashtra and Goa. The telecom circle of Maharashtra consists of the area of the State of Maharashtra (excluding the areas covered by Mumbai which forms another circle) and the State of Goa. When calculating the number of subscribers pertaining to Maharashtra and Goa, UV has to -

- I. obtain the subscriber figures for Maharashtra circle and Mumbai circle and add them to obtain a combined figure of subscribers;
- II. obtain the figures of the population of Maharashtra and Goa from the latest census and derive the ratio of these two populations;
- III. this ratio will then have to be applied to the combined figure of subscribers so as to arrive at the separate figures of subscribers pertaining to Maharashtra and Goa;
- IV. the ratio of these subscribers when applied to the amount payable for the short messaging service in Maharashtra circle and Mumbai circle, will give breakup of the amount pertaining to Maharashtra and Goa. Separate invoices will have to be issued State-wise by UV to ABC indicating the value pertaining to that State.

(62) The telecom circle of Andhra Pradesh consists of the areas of the States of Andhra Pradesh, Telangana and Yanam, an area of the Union territory of Puducherry. The subscribers attributable to Telangana and Yanam will have to be excluded when calculating the subscribers pertaining to Andhra Pradesh.

After understanding the concept of '**place of supply**' and meaning of the '**location of the supplier**', you will now be in a position to better appreciate the meaning of the terms - inter-State supply, intra-State supply and supply in course of territorial waters. Therefore, these terms have been discussed in detail hereunder:

5. INTER-STATE SUPPLY [SECTION 7 OF THE IGST ACT]

	STATUTORY PROVISIONS
Section 7 (Relevant Extract)	Inter-State Supply
Sub-section	Particulars
(1)	<i>Subject to the provisions of section 10, supply of goods, where the location of the supplier and the place of supply are in—</i> <i>(a) two different States;</i> <i>(b) two different Union territories; or</i> <i>(c) a State and a Union territory,</i> <i>shall be treated as a supply of goods in the course of inter-State trade or commerce.</i>
(3)	<i>Subject to the provisions of section 12, supply of services, where the location of the supplier and the place of supply are in—</i> <i>(a) two different States;</i> <i>(b) two different Union territories; or</i>

	(c) a State and a Union territory, shall be treated as a supply of services in the course of inter-State trade or commerce.
(5)	Supply of goods or services or both,— (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.



ANALYSIS

This section provides as to when the supplies of goods and/or services shall be treated as **Supply in the course of inter-State trade/commerce**.

Inter-State Supplies

Supply of goods/ services when location of the supplier and the place of supply are in two different States / UTs

Supply in the taxable territory, not being an intra-State supply & not specified anywhere

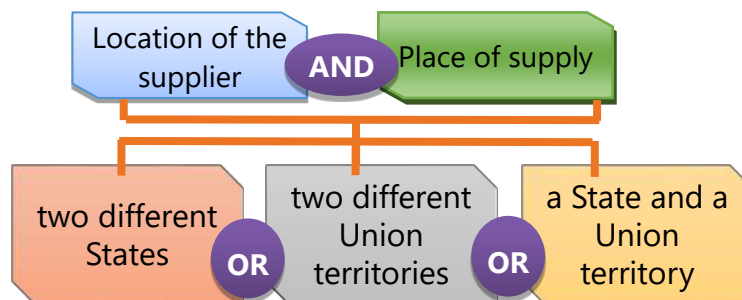
A. 'SUPPLY OF GOODS' in the course of inter-State trade/commerce [Section 7(1) of the IGST Act]

It primarily covers two kinds of supplies – Supply of goods within India and supply of goods imported into India. *Our discussion here will be restricted to the supply of goods within India since provisions relating to import and export of goods are not covered at Intermediate level; they have been discussed in detail at Final level.*

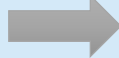


Supplies within India

Supply of goods shall be considered as supply of goods in course of inter-State trade or commerce in the following cases:



Please note that the place of supply here will be determined based on the provisions of section 10 as discussed earlier in this Chapter. The above concept can be easily understood with the help of following examples. In each of the following cases, supplies of goods shall be treated as supply of goods in course of inter-State trade/commerce.

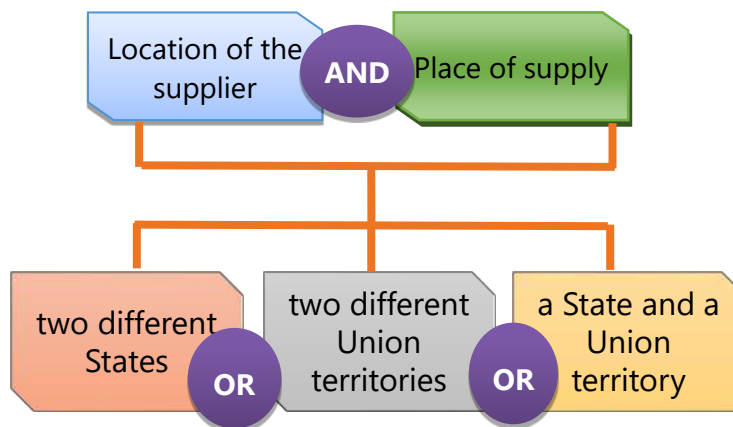
	<u>Location of Supplier</u>	<u>Place of Supply</u>
		
(63)	 Punjab	 Haryana
(64)	 Punjab	 Daman and Diu
(65)	 Daman and Diu	 Chandigarh

B. 'SUPPLY OF SERVICES' in the course of inter-State trade/commerce [Section 7(3) of the IGST Act]

It primarily covers two kinds of supplies – supply of services within India and import of services into India. *Our discussion here will be restricted to the supply of services within India since provisions relating to import and export of services are not covered at Intermediate level; they have been discussed in detail at Final level.*

Supplies within India

Supply of services shall be considered as supply of services in course of inter-State trade or commerce in the following cases:



Please note that the place of supply here will be determined based on the provisions of section 12 as discussed earlier in this Chapter.

C. SUPPLY OF GOODS OR SERVICES OR BOTH in the course of inter-State trade or commerce [Section 7(5)(c) of the IGST Act]

Certain supplies are treated as supplies in the course of inter-State trade or commerce and shall equally apply to supply of goods and to supply of services. Clause (c) of section 7(5) is a residuary clause and stipulates that supply of goods and/or services in the taxable territory, not being an intra-State supply & not covered elsewhere in this section 7(5) are considered as inter-State supplies⁵.

⁵ As already discussed, provisions relating to import and export of goods and /or services are not covered at the Intermediate level. However, for the purpose of knowledge, students may note that following supplies shall also be treated as a supply of goods in the course of **inter-State trade or commerce**:

- (i) Supply of goods imported into the territory of India, till they cross the customs frontiers of India
- (ii) Supply of services which are imported into territory of India
- (iii) Supply of goods or services or both when the supplier is located in India and the place of supply is outside India
- (iv) Supply of goods or services or both to or by a Special Economic Zone developer/ Special Economic Zone unit; SEZ is a geographically bound zone within India where the economic laws relating to export and import are more liberal as compared to other parts of the country. For all tax purposes, SEZ is considered to be a place outside India. Further, supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit are zero-rated supplies.

Above information is not relevant from the examination point of view.



6. INTRA-STATE SUPPLY [SECTION 8 OF THE IGST ACT]



STATUTORY PROVISIONS

Section 8 (Relevant Extract)	Intra-State Supply
Sub-section	Particulars
(1)	Subject to the provisions of section 10, supply of goods where the location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply.
(2)	Subject to the provisions of section 12, supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply.
	Explanation 1. - For the purposes of this Act, where a person has, - (ii) an establishment in a State or Union territory and any other establishment outside that State or Union territory; or (iii) an establishment in a State or Union territory and any other establishment registered within that State or Union territory, then such establishments shall be treated as establishments of distinct persons.
	Explanation 2. - A person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory.



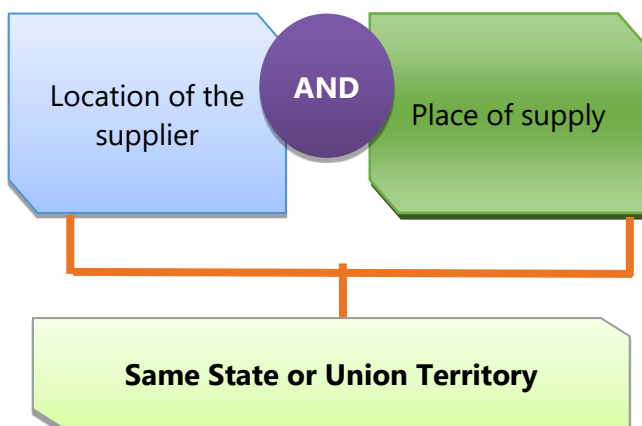
ANALYSIS

This section provides as to when the supplies of goods and/or services shall be treated as **intra-State supply**.

Which supplies of goods/services shall be treated as intra-State supplies?
[Section 8(1) and 8(2) of the IGST Act]

Supply of goods/services where the location of the supplier and the place of supply of goods/services are in the same State or same Union territory shall be treated as intra-State supply.

Such supplies are exigible to CGST and SGST/UTGST⁶.



The concept discussed above has been explained by way of following examples:

	Location of Supplier	Place of Supply	Whether qualifies as intra-State supply?
(66)	 Punjab	Punjab	Yes

⁶ As already discussed, provisions relating to import and export of goods and/or services are not covered at the Intermediate level. However, for the purpose of knowledge, students may note that as per the proviso to section 8(1) and proviso to section 8(2) of the IGST Act, following supplies shall not be treated as a supply of goods in the course of **intra-State trade or commerce** even when the location of supplier and place of supply fall within the same State/ Union Territory:

- (i) Supply of goods/services to or by SEZ Unit or SEZ Developer.
- (ii) Supply of goods made to a tourist [referred to in section 15 of the IGST Act].
- (iii) Goods imported in India.

(67)		London	Delhi	No
(68)		Delhi	Gujarat	No
(69)		Puducherry	Puducherry	Yes

Establishments of distinct persons

Establishments of same entity shall be considered as establishments of distinct persons where a person has:

- (i) an establishment in a State or Union territory and any other establishment outside that State or Union territory; or
- (ii) an establishment in a State or Union territory and any other establishment registered within that State or Union territory⁷.

Thus, any supply between any of the above establishments shall be treated as supply between establishments of distinct persons. Further, a person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory.

7. SUPPLIES IN TERRITORIAL WATERS [SECTION 9 OF THE IGST ACT]



STATUTORY PROVISIONS

Section 9

Supplies in territorial waters

Notwithstanding anything contained in this Act -

⁷ It may be noted that where a person has an establishment in India and any other establishment outside India, such establishments of same entity shall also be considered as establishments of distinct persons. This is only for the knowledge of the students and not relevant from the examination point of view.

- (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.*



ANALYSIS

This section determines the location of supplier and/or the place of supply when such location of supplier and/or the place of supply is in territorial waters. Before that, let us understand the term “territorial waters”.

The term ‘**Territorial waters**’ has not been defined in the GST law. However, as per United Nations Convention on the Law of the Sea, the term ‘**territorial sea**’ is a belt of coastal waters extending atmost 12 nautical miles from the baseline of a coastal state. Section 3(2) of the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976 stipulates that the limit of territorial waters is the line every point of which is at a distance of 12 nautical miles from the nearest point of the appropriate base line. *Refer the pictorial diagram showing ‘territorial waters’ given in Chapter 3 – Charge of GST.*

Section 9 of the IGST Act provides that where the location of the supplier is in the territorial waters, it shall be deemed that location of such supplier is in the coastal State or Union Territory where the nearest point of the appropriate baseline is located. Similarly, in case where the place of supply is in territorial waters, the place of supply shall be deemed to be in the coastal State or Union Territory where the nearest point of the appropriate baseline is located.



LET US RECAPITULATE

A. Place of supply of goods other than import and export [Section 10]

S. No.	Nature of Supply	Place of Supply
1.	Where the supply involves the movement of goods, whether by the supplier or the recipient or by any other person	Location of the goods at the time at which, the movement of goods terminates for delivery to the recipient
2.	Where the goods are delivered to the recipient or any person on the direction of the third person by way of transfer of title or otherwise	Principal place of business of such third person
3.	Where there is no movement of goods either by supplier or recipient	Location of such goods at the time of delivery to the recipient
4.	Where supply is made to unregistered persons and the address of such person is <u>recorded</u> in the invoice	Location as per address of unregistered person recorded in the invoice (Simply mentioning the State of such person instead of complete address would be sufficient.)
5.	Where supply is made to unregistered persons and the address of such person is <u>not recorded</u> in the invoice	Location of the supplier
6.	Where goods are assembled or installed at site	Place where the goods are assembled or installed
7.	Where the goods are supplied on-board a conveyance like a vessel, aircraft, train or motor	Place where such goods are taken on-board the conveyance

	vehicle	
8.	Where the place of supply of goods cannot be determined in terms of the above provisions	To be determined in the prescribed manner

B. Place of supply of services where location of supplier AND recipient is in India [Section 12]

- (i) In respect of the following 12 categories of services, the place of supply is determined with reference to a proxy; rest of the services are governed by the default provision.

S. No.	Nature of Service	Place of Supply
1.	Immovable property related-services including accommodation in hotel/boat/vessel	☐ Location at which the immovable property or boat or vessel is located or intended to be located ☐ If located outside India: Location of the recipient
	If the immovable property or boat or vessel is located in more than one State	Each such State in proportion to the value of services provided in each State – <i>Refer point (ii) below</i>
2.	Restaurant and catering services, personal grooming, fitness, beauty treatment and health service	Location where the services are actually performed
3.	Training and performance appraisal	☐ B2B: Location of such registered person ☐ B2C: Location where the services are actually performed
4.	Admission to an event or	Place where the event is actually

	amusement park	held or where the park or the other place is located
5.	Organisation of an event including ancillary services and assigning of sponsorship to such events	☐ B2B: Location of such registered person ☐ B2C: Location where the event is actually held • If the event is held outside India: Location of the recipient
	If the event is held in more than one State (in cases of unregistered recipient)	Each such State in proportion to the value of services provided in each State – <i>Refer point (iii) below</i>
6.	Transportation of goods, including mails or courier	☐ B2B: Location of such registered person ☐ B2C: Location at which such goods are handed over for their transportation
7.	Passenger transportation	☐ B2B: Location of such registered person ☐ B2C: Place where the passenger embarks on the conveyance for a continuous journey
8.	Services on board a conveyance	Location of the first scheduled point of departure of that conveyance for the journey
9.	Banking and other financial services including stock broking	☐ Location of the recipient of services in the records of supplier ☐ Location of the supplier of services if location of recipient of services is not

		available.
10.	Insurance services	☐ B2B: Location of such registered person ☐ B2C: Location of the recipient of services in the records of the supplier
11.	Advertisement services to the Government	☐ Each of States/Union territory where the advertisement is broadcasted/ displayed/ run/disseminated ☐ Proportionate value in case of multiple States – <i>Refer point (iv) below</i>
12.	Telecommunication services	☐ Services involving fixed line, leased and internet leased circuits, dish antenna etc: Location of such fixed equipment ☐ Post-paid mobile/ internet services: Location of billing address of the recipient and if the same is not available, location of supplier ☐ Pre-paid mobile/ internet/DTH services provided: Through selling agent/re-seller/distributor: Address of such selling agent/re-seller/distributor in the records of supplier at the time of supply

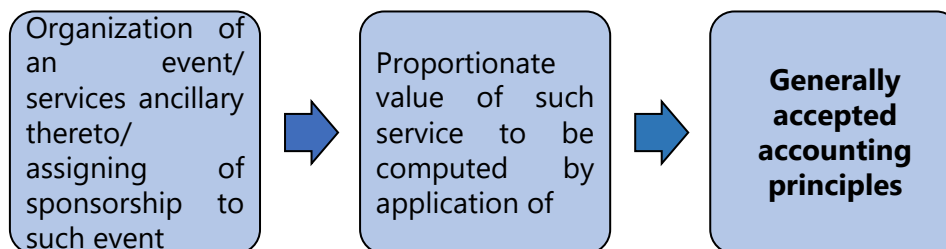
		• By any person to final subscriber: Location where pre-payment is received or place of sale of vouchers • When payment made through electronic mode - Location of recipient in records of supplier ☐ Other cases: Address of the recipient in the records of the supplier and if the same is not available, location of supplier
	If the leased circuit is installed in more than one State	Each such State in proportion to the value of services provided in each State – <i>Refer point (v) below</i>

- (ii) Manner of determining proportionate value of immovable property related service attributable to different States/Union territories – where the immovable property/boat/vessel is located - in the absence of a contract or agreement in this regard

S. No.	Type of service in relation to immovable property	Factor determining the proportionate value of service
(a)	Service provided by way of lodging accommodation by hotel/ inn/guest house etc. and its ancillary services (other than the cases where such property is a single property located in 2 or more contiguous States/ Union territories or both)	Number of nights stayed in such property
(b)	All other services provided in relation to immovable property including	Area of the immovable property lying in each

	organising any marriage or reception etc., accommodation in a single property located in 2 or more contiguous States or/and Union territories, services ancillary to such services	State/ Union territories
(c)	Services by way of lodging accommodation by a house boat or vessel and its ancillary services	Time spent by the boat or vessel in each such State/ Union territories, to be determined on the basis of declaration made by the service provider

- (iii) Manner of determining proportionate value of service relating to organization of event, attributable to different States/Union territories – where the event is held - in the absence of a contract or agreement in this regard



- (iv) Manner of determining proportionate value of advertisement service attributable to different States/Union territories – where the advertisement is broadcasted/ run /played/disseminated - in the absence of a contract or agreement in this regard

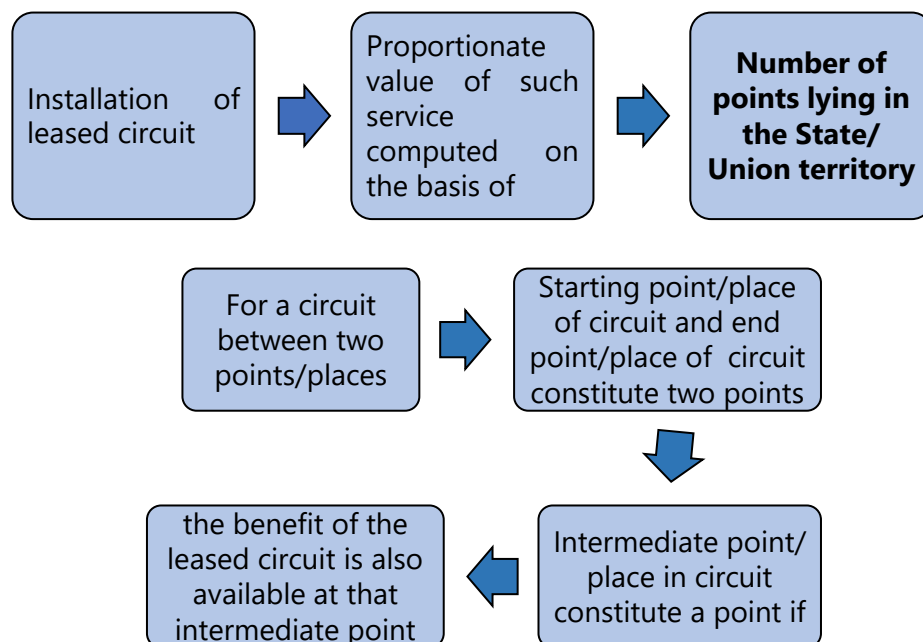
Sl. No.	Type of advertisement	Proportionate value of service
1.	Advertisements in newspapers and publications	Amount payable for publishing an advertisement in all the editions of a newspaper or publication, which are published in each State/Union territory

2.	Advertisements through printed material like pamphlets, leaflets, diaries, calendars, T-shirts, etc.	Amount payable for the distribution of a specific number of such material in each State/Union territory
3.	Advertisements in hoardings (other than those on trains)	Amount payable for the hoardings located in each State/ Union territory
4.	Advertisements on trains	Amount attributable to each State/Union territory calculated in the ratio of length of the railway track in each of such State/Union territory, for that train
5.	Advertisements on the back of utility bills of oil and gas companies, etc.	Amount payable to each State/Union territory for the advertisements on bills pertaining to consumers having billing addresses in each of such State/Union territory
6.	Advertisements on railway tickets	Amount attributable to each State/Union territory calculated in the ratio of number of Railway Stations in each of such State/Union territory
7.	Advertisements on radio stations	Amount payable to such radio station, which by virtue of its name is part of each State/Union territory
8.	Advertisement on television channels	Amount attributable to each State/Union territory calculated on the basis of the viewership of such channel in each of such State/ Union territory. Viewership figures for the last week of a given quarter as published by BARC can be used for calculating viewership for the

		succeeding quarter. Figures pertaining to more than one State/Union territory are apportioned in ratio of the populations of those States/Union territories, as per the latest Census.
9.	Advertisements in cinema halls	Amount payable to a cinema hall or screens in a multiplex in each State/ Union territory.
10.	Advertisements on internet It is deemed that such service is provided all over India.	Amount attributable to each State/Union territory calculated on the basis of the internet subscribers in each of such State/ Union territory. Internet subscriber figures for the last quarter of a given financial year as published by TRAI can be used for calculating the subscribers for the succeeding financial year. Figures pertaining to more than one State/Union territory are apportioned in the ratio of the populations of those States/Union territories, as per the latest census.
11.	Advertisements through SMS	Amount attributable to each State/Union territory calculated on the basis of the telecom subscribers in each of such State/ Union territory. Telecom subscribers figures in a telecom circle for a given quarter as published by TRAI can be used for calculating the subscribers for the succeeding quarter. Figures pertaining to a telecom circle comprising of more than one State/Union territory are apportioned in the ratio of the populations of those States/Union territories, as per the latest census.

- (v) Manner of determining proportionate value of service relating to installation of a leased circuit, attributable to different States/Union

territories – where the circuit is installed - in the absence of a contract or agreement in this regard.



- (vi) For the rest of the services other than those specified above, the default provision has been prescribed as under:

Default rule for the services other than the 12 specified services		
S. No.	Description of Supply	Place of Supply
1.	B2B	Location of such registered person
2.	B2C	☐ Where the address on record exists: Location of the recipient ☐ Other cases: Location of the supplier of services



TEST YOUR KNOWLEDGE

1. *In case of a domestic supply, what is the place of supply where goods are removed?*
2. *What will be the place of supply if the goods are delivered by the supplier to another person on the direction of a third person?*
3. *What is the place of supply where the goods or services are supplied on board a conveyance, such as a vessel, an aircraft, a train or a motor vehicle?*
4. *The place of supply in relation to immovable property (situated in India) is the location of immovable property. Suppose a road is constructed from Delhi to Mumbai covering multiple states.*

What will be the place of supply of construction services?

5. *What would be the place of supply of services provided by an event management company for organizing a sporting event for a Sports Federation which is held in multiple States?*
6. *What is the place of supply of services by way of transportation of goods, including by mail or courier when both the supplier and the recipient of the services are located in India?*
7. *What will be the place of supply of passenger transportation service, if a person travels from Mumbai to Delhi and back to Mumbai?*
8. *What is the place of supply for mobile connection? Can it be the location of supplier?*
9. *A person from Mumbai goes to Kullu-Manali and takes some services from ICICI Bank in Manali.*

What is the place of supply?

10. *An unregistered person from Gurugram travels by Air India flight from Mumbai to Delhi and gets his travel insurance done in Mumbai.*

What is the place of supply of insurance services?



ANSWERS

1. As per section 10(1)(a), the place of supply of goods is the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.
2. As per section 10(1)(b), it would be deemed that the third person has received the goods and the place of supply of such goods will be the principal place of business of such person.
3. As per section 10(1)(e), in respect of goods, the place of supply is the location at which such goods are taken on board.

However, in respect of services, the place of supply is the location of the first scheduled point of departure of that conveyance for the journey in terms of sections 12(10).

4. Where the immovable property is located in more than one State, the supply of service is treated as made in each of the States 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 reasonable basis as may be prescribed in this behalf [Explanation to section 12(3)].

In the absence of a contract or agreement between the supplier and recipient of services in this regard, the proportionate value of services supplied in different States/Union territories (where the immovable property is located) is computed on the basis of the area of the immovable property lying in each State/ Union territories [Rule 4 of the IGST Rules].

5. In case of an event, if the recipient of service is registered, the place of supply of services for organizing the event is the location of such person. However, if the recipient is not registered, the place of supply is the place where event is held.

Since the event is being held in multiple states and a consolidated amount is charged for such services, the place of supply will be deemed to be in each State in proportion to the value for services determined in terms of the

contract or agreement entered into in this regard [Explanation to section 12(7)].

In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services made in each State (where the event is held) will be computed in accordance with rule 5 of the IGST Rules by the application of generally accepted accounting principles.

6. If the recipient is registered, the location of such person is the place of supply. However, if the recipient is not registered, the place of supply is the place where the goods are handed over for transportation. [Section 12(8)].
7. If the person is registered, the place of supply of passenger transportation service will be the location of recipient. If the person is not registered, the place of supply for the forward journey from Mumbai to Delhi will be Mumbai, the place where he embarks [Section 12(9)].

However, for the return journey, the place of supply will be Delhi as the return journey has to be treated as separate journey [Explanation to section 12(9)].

8. The location of supplier of mobile services cannot be the place of supply as the mobile companies are providing services in multiple states and many of these services are inter-state. The consumption principle will be broken if the location of supplier is taken as place of supply and all the revenue may go to a few states where the suppliers are located.

The place of supply for mobile connection would depend on whether the connection is on postpaid or prepaid basis. In case of postpaid connections, the place of supply is the location of billing address of the recipient of services on the record of supplier of services.

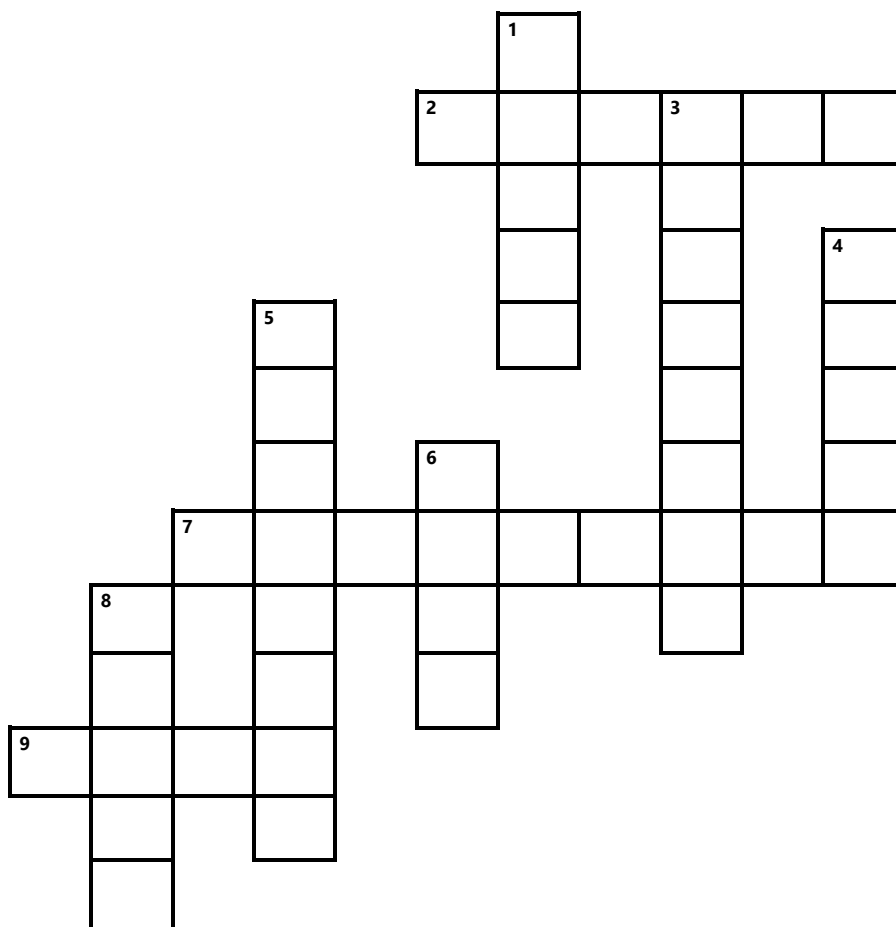
In case of pre-paid connections, if the service is supplied:-

- (i) through a selling agent or a re-seller or a distributor of SIM card or re-charge voucher, the place of supply is the place address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or
- (ii) by any person to the final subscriber, the place of supply is the location where such prepayment is received or such vouchers are sold;

- (iii) in other cases, the place of supply is the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be location of the supplier of services.

However, if the recharge is done through internet/e-payment, the location of recipient of service on record of the supplier will be taken as the place of supply [Section 12(11)].

9. The place of supply in case of banking services to any person shall be the location of the recipient of services on the records of the supplier of services. However, if the location of recipient of services is not on the records of the supplier, the place of supply shall be the location of the supplier of services i.e. Kullu-Manali, Himachal Pradesh [Section 12(12)].
10. When insurance service is provided to an unregistered person, the location of the recipient of services on the records of the supplier of insurance services is the place of supply. So Gurugram is the place of supply [Section 12(13)].

**ACROSS**

2. Conveyance includes a_____, an aircraft and a vehicle.
7. The place of supply in case of banking services to any person shall be the location of the _____ of services on the records of the supplier of services.
9. The place of supply of services by way of transportation of goods, including by ____ or courier, etc. provided to a registered person, is the location of such person.

DOWNWARDS

1. Place of supply determines the jurisdiction where the tax revenue should _____.
3. _____ 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 point of time.
4. The term supplier includes an _____ acting as such on behalf of such supplier in relation to the goods or services or both supplied.
5. If the supply involves goods which are to be assembled at site, the place of supply is the place of _____.
6. If the supply does not involve movement of goods, the place of supply is the location of goods at the _____ of delivery to the recipient.
8. Service supplied on board a _____ is the location of the first scheduled point of departure of the train for the journey.

Note – In all cases relating to determination of place of supply above, it has been assumed that the location of supplier as well as recipient is in India.

Scan the following QR code for accessing the answers to MCQs in Quiz Time and Cross word puzzle of this chapter.

