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Gst on import of service

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07 February 2019

XYZ(India) paying consideration to PQR, Germany (Parent company) for providing technical knowledge, designing of product and after sale service in relation to products manufactured by XYZ in India. The amount payable to PQR would depend on sales value of goods sold by XYZ. Is XYZ liable to pay GST on the amount paid to PQR?

Kaustubh Ram Karandikar

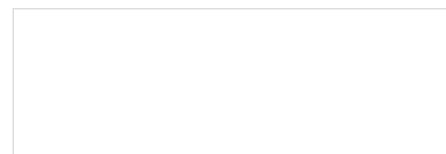
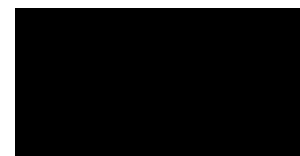
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08 February 2019



CMA Bhavya

(Expert)

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Dear Sir,

Below few sections to support the view to pay the RCM

Definition: Import of Services

Section 2(11) of IGST Act 2017 defines Import of Services as follows:

Import of services means the supply of any service where-

- (i) The supplier of service is located outside India.
- (ii) The recipient of service is located in India;and
- (iii) The place of supply of service is in India;

CGST ACT

As per Sec 2(102) of CGST Act it is a service as services mean anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form currency or denomination to another form, currency or denomination for which a separate consideration is charged.

As per Sec 7(1) (b) of CGST Act: Supply includes Import of Services for a consideration whether or not in the course or furtherance of business. Also as per point 4 of Schedule 1 of Sec 7 (1) (c) of CGST Act: Supply even if made without consideration includes Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

As per Sec 7(4) of CGST Act, Supply of services imported into the territory of India shall be treated to be supply of services in course of inter-state trade or commerce.

In view of above section that CO., XYZ India is liable to Pay the RCM on the amount paid to PQR Co., (Germany)

regards,
Bhavya.P

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