

CHAPTER 7: Place of Supply

Illustration 1

Mr. A of Nashik, Maharashtra sells 10 refrigerators to Mr. B of Pune, Maharashtra for delivery at Mr. B's place of business in Pune. Determine the place of supply of goods and nature of transaction.

Solution

As per Section 10(1)(a) of the IGST Act, the place of supply is Pune in Maharashtra. Since the location of supplier is Nasik (Maharashtra) and place of supply is Pune, CGST and SGST shall be charged as it comes under the category of intrastate supply.

Particulars	Supplier's factory from where goods are removed	Termination of movement for delivery
Movement of goods by the supplier (goods dispatched by supplier) (Section 10(1)(a) read with 2(96)(a) of CGST Act	Orissa	Assam
	Orissa	Orissa
Movement of goods by the recipient (goods collected by recipient) (Section 10(1)(a) read with 2(96)(b) of CGST Act)	Kerala	Goa
	Kerala	Kerala

Section 10(1)(a)

Particulars	Supplier's factory from where goods are removed	Termination of movement for delivery	Place of supply	Tax payable
Movement of goods by the supplier (goods dispatched by supplier) (Section 10(1)(a) read with 2(96)(a) of CGST Act	Orissa	Assam	Assam	IGST payable at Orissa
	Orissa	Orissa	Orissa	CGST / SGST payable at Orissa
Movement of goods by the recipient (goods collected by recipient) (Section 10(1)(a) read with 2(96)(b) of CGST Act)	Kerala	Goa	Goa	IGST payable at Kerala
	Kerala	Kerala	Kerala	CGST / SGST payable at Kerala

Illustration 2

Determine the place of supply of goods for the following

Supplier and his location	Location of the buyer (third person)	Recipient and his location	Place of delivery of goods
A Ltd. Bangalore	B Ltd. Bangalore	M Ltd. Mumbai	Mumbai
A Ltd. Bangalore	M Ltd. Mumbai	B Ltd. Bangalore	Bangalore
A Ltd. Bangalore	S Ltd. Surat	M Ltd. Mumbai	Mumbai
A Ltd. Bangalore	M Ltd. Mumbai	P Ltd. Mumbai	Mumbai

Solution

As per Section 10(1)(b) of IGST Act, 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 the place of supply shall be deemed to be that of 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.

Section 10(1)(b)

Supplier and his location	Location of the buyer (third person)	Recipient and his location	Place of delivery of goods	Place of supply	CGST + SGST / IGST
A Ltd. Bangalore	B Ltd. Bangalore	M Ltd. Mumbai	Mumbai	Bangalore	CGST + SGST
A Ltd. Bangalore	M Ltd. Mumbai	B Ltd. Bangalore	Bangalore	Mumbai	IGST
A Ltd. Bangalore	S Ltd. Surat	M Ltd. Mumbai	Mumbai	Surat	IGST
A Ltd. Bangalore	M Ltd. Mumbai	P Ltd. Mumbai	Mumbai	Mumbai	IGST

Illustration 3

Particulars	Location of Supplier	Location of recipient	Location of Goods
Sale of pre - installed DG Set	Delhi	Bhopal	Bhopal
Manufacture of moulds by job - worker (supplier), sold to the Principal, but retained in job worker's premises	Tamil Nadu	Kerala	Tamil Nadu

Solution**section 10(1)(c)**

Particulars	Location of Supplier	Location of recipient	Location of Goods	Place of supply	Tax payable
Sale of pre - installed DG Set	Delhi	Bhopal	Bhopal	Bhopal	IGST payable at Delhi
Manufacture of moulds by job - worker (supplier), sold to the Principal, but retained in job worker's premises	Tamil Nadu	Kerala	Tamil Nadu	Tamil Nadu	CGST + TN GST Payable at Tamil Nadu

Illustration 4

Particulars	Location of Supplier	Registered Office of Recipient	Installation Assembly Site
Installation of weigh bridge	Delhi	Bhopal	Bhopal
Servers supplied and installed at the office of a marketing firm	Karnataka	Goa	Karnataka
Supply of workstations	Gujarat	Gujarat	Kerala

Solution**Section 10(1)(d)**

Particulars	Location of Supplier	Registered Office of Recipient	Installation Assembly Site	Place of supply	Tax payable
Installation of weigh bridge	Delhi	Bhopal	Bhopal	Bhopal	IGST payable at Delhi
Servers supplied and installed at the office of a marketing firm	Karnataka	Goa	Karnataka	Kerala	IGST payable at Gujarat
Supply of workstations	Gujarat	Gujarat	Kerala	Kerala	IGST payable at Gujarat

Illustration 5

Mr. A, a cost and Management Accountant located in Maharashtra providing Cost Auditing service. Determine Place of Supply if he provides service to

- a. A registered person located in Maharashtra
- b. A registered person located in Karnataka
- c. A non registered person located in MP
- d. A non registered person whose address does not exist on record

Solution

The given cases fall under the provisions of **section 12 of IGST Act**, wherein the location of supplier of service and recipient of service both are located in India.

a. Legal Provision - As per Section 12(2)(a) of IGST Act

Discussion: The above section states that where supply of service made to a registered person the place of supply shall be the location of such person. In the above case the recipient is located in Maharashtra; **hence the place of supply shall be Maharashtra.**

Conclusion: Since the service provider and place of supply are both in Maharashtra (intra - state) CGST + SGST will be triggered.

b. Legal Provision - As per Section 12(a) of IGST Act

Discussion: The above section states that where supply of service made to a registered person the place of supply shall be location of such person. In the above case the recipient is located in Karnataka; **hence the place of supply shall be Karnataka.**

Conclusion: Since the service provider and place of supply are pertaining to different states (inter - state) IGST will triggered.

c. Legal Provision - As per Section 12(2)(b)(i) of IGST Act

Discussion: Where supply of service is made to any person other than a registered person the place of supply shall be the location of the recipient where the address on record exists. In the above **case the place of supply shall be MP as this address is available.**

Conclusion: In the above case the service provider is located in Maharashtra and recipient is located in MP, hence IGST will be triggered.

d. Legal Provision - As per Section 12(2)(b)(ii) of IGST Act

Discussion: Where supply is made to any person other than a registered person place of supply shall be location of supplier of services in all other cases. In the above case the address of recipient does not exist on record hence the place of supply shall be location of supplier of service which is Maharashtra.

Conclusion: As the location of supplier and **place of supply are both in Maharashtra CGST + SGST will be triggered.**

Illustration 6

Determine the place of supply of service for the following cases:

- a. KTS Builders (Mumbai) is constructing a factory building for PLM Pvt. Ltd. (Kolkata), in New Delhi.
- b. Shah and Shah, an architectural firm at Kolkata, has been hired by MKF Builders of Mumbai to draw up a plan for a high rise building to be constructed by them in Ahmedabad, Gujarat.
- c. Mr. Ramesh, a Chartered Accountant, (New Delhi) travels to Mumbai for business and stays in a hotel there.
- d. Mr. X, a consulting engineer based in Mumbai, Maharashtra renders professional services in respect of an immovable property of Mr. Y (Bangalore) located in Australia.

Solution

The given cases fall under the provisions of **section 12 of IGST Act**, wherein the location of supplier of service and recipient of service both are located in India.

- a. As per **section 12(3) of IGST Act**, the place of supply is the location of the immovable property i.e., New Delhi.
- b. As per **section 12(3) of IGST Act**, the place of supply is the place where the immovable property is intended to be located i.e. Ahmedabad.
- c. As per **section 12(3) of the IGST Act**, the place of supply of accommodation service is the place where the hotel is located i.e., Mumbai.
- d. As per **section 12(3) of IGST Act**, 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)

Illustration 7

Determine the place of supply of services for the following cases:

- a. Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), at Mumbai.
- b. Mega Events, an event management company at New Delhi, organizes an award function for Shah Diamond Merchants of Ahmedabad (registered in Gujarat), at Mauritius.
- c. Grand Wedding Planners (Chennai) is hired by Mr. Ramesh (unregistered person based in Hyderabad) to plan and organize his wedding at New Delhi.
- d. Grand Wedding Planners (Chennai) is hired by Mr. Ramesh (unregistered person based in Hyderabad) to plan and organize his wedding at Seychelles

Solution

Legal provision: As per **section 12(7) of IGST Act**, the place of supply of services provided by way of,;

- a. Organization 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 organization of any of the events or services referred to in clause (a), or assigning or 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.

Thus, the place of supply for the given cases as per the above stated provisions shall be as follows:

- a) In the given case since the recipient is a registered person, the place of supply is the location of the recipient, i.e. Ahmedabad.
- b) In the given case since the recipient is a registered person, the place of supply is the location of the recipient, i.e., Ahmedabad.
- c) In the given case since the recipient being an unregistered person, the place of supply is the location where the event is held i.e., New Delhi.
- d) In the given case since the recipient being an unregistered person and the event held outside India, the place of supply is the location of the recipient i.e., Hyderabad and not the location where the event is held i.e., Seychelles.

Illustration 8

Determine the place of supply for the following services:

- a. 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.
- b. Mr. C (unregistered person in Chennai) has come to Delhi on a vacation. He buys preference - paid Delhi Metro Card from Delhi Metro (New Delhi) for hassle free commute in the National Capital Region.

Solution

Legal Provision: The place of supply of passenger transport service to:

- a) A registered person shall be location of such person
- b) Person other than registered person shall be place where the passenger embarks on conveyance for a continuous journey.
 - i) As per **section 12(9)(a) of IGST Act**, the place of supply is the location of recipient i.e., New Delhi.
 - ii) As per **section 12(9) of IGST Act**, Recipient being unregistered person, the place of supply is the address of Mr. C i.e., Chennai. If address of Mr. C is not available with the

Delhi Metro, the place of supply will be the location of the supplier of services i.e., New Delhi.

Illustration 9

Determine the place of supply for the following telecommunication services:

- a. Mr. X (Kolkata) gets a landline phone installed at his home from Skybel Ltd.
- b. Mr. Y (Mumbai) gets a DTH installed at his home from RT Ltd.
- c. Mr. D (Mumbai) takes a post - paid mobile connection in Mumbai from Skybel Ltd.
- d. Mr. E (New Delhi) gets his post - paid bill paid online from Goa.
- e. Mr. C (Pune) purchases a pre - paid card from a selling agent in Mumbai.

Solution

As per **Section 12(11) of IGST Act**, the place of supply of telecommunication services for the given cases shall be determined.

- a. The place of supply in case of fixed telecommunication line is the **located where the telecommunication line** is installed i.e., Kolkata.
- b. The place of supply is the location where the **DTH installed** i.e., Mumbai.
- c. The place of supply in case of mobile connection is the location of **billing address of the recipient** i.e., Mumbai.
- d. The payment being made through electronic mode, the place of supply is the **location of the recipient in the records of the supplier** i.e., New Delhi.
- e. The place of supply is the address of the selling agent or re - seller i.e., Mumbai.

Illustration 10

AB Ltd. located in Chennai is providing taxable services to MN Ltd. who is registered in Chennai and is located in a SEZ. Determine POPS

Solution

Legal Provisions: The above case falls within the purview of **section 12(2)(a) and section 8(1) of IGST Act**.

Discussion: Location of Service Provider is Chennai. As per the above section place of supply of services to a registered person shall be the location of such person. In the above case the Place of Supply is Chennai.

As per **Section 8(1) of IGST Act**

Provided that the following supply of goods shall not be treated as intra - State supply, namely:

- a. Supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit. Hence, even though it is an Intra - State supply it will be treated as an Inter - State supply as MN Ltd. is located in a SEZ.

Illustration 11

- a. X Ltd., located in Mumbai, Maharashtra receives order from M/s Y Ltd. located in Ahmedabad, Gujarat for supply of one machine. Find the place of supply and applicable GST?
- b. M/s Karina Ltd. incorporated in Mumbai and own a godown in Chennai. Mr. M of Mumbai approached M/s Karina Ltd. of Mumbai for purchase of goods lying in godown at Chennai. Mr. M further informs that he does not want delivery of goods in Mumbai. M/s Karina Ltd. issues invoice for sale of goods in Mumbai. Find the place of supply of goods and levy of tax?

Solution

- a. 1) Location of Supplier: Mumbai (Maharashtra)
2) Place of Supply: Ahmedabad (Gujarat)
Since, the movement of goods terminates at Ahmedabad. Applicable GST = IGST. As the nature of supply is inter state supply, location of supplier = Mumbai.
- b. Place of supply goods = Chennai.
IGST will be levied.
(Location of such goods at the time of the delivery to the recipient where supply does not involve movement of goods). This place of supply is irrespective of the location of the buyer and seller.