

GST applicable on Credit Card Expenses incurred by Employees of an Indian Subsidiary: AAAR

Fact of the Case

The appellant M/s ICU Medical LLP is engaged in the business of software development for the infusion system manufactured by its ultimate Holding company ICU Medical Inc. having its place of business in the USA. The appellant sought the advance ruling on the issue of whether GST is leviable on the reimbursement of expenses from the subsidiary company to its ultimate Holding company located in a foreign territory outside India.

Decision of the Case

The AAR ruled that the applicant is liable to pay IGST on the 'Wellson Commercial Card' expenses paid by the applicant to its Ultimate Holding company, ICU Medicals Inc. having its place of business in the USA under Reverse Charge basis. The AAR further held that the applicant is liable to pay IGST under Reverse Charge, the applicable rate of IGST is 18%.

The Coram held that Credit card expenses incurred by employees of an Indian subsidiary are set to come under the Goods and Services Tax. The AAAR ordered the levy of GST on reimbursement of expenses to the Holding Company. The payment on behalf of the subsidiary company amounts to advance consideration towards services provided by the subsidiary company.

The Tamil Nadu Appellate Authority for Advance Ruling (AAR) ruled that the GST is applicable on Credit card expenses incurred by employees of an Indian subsidiary.