

Whether GST leviable on services provided by Liaison Office as an 'intermediary': The AAR, Maharashtra

Fact of the Case

Dubai Chamber of Commerce and Industry, Maharashtra ("the Applicant") is the Liaison Office of Dubai Chamber of Commerce and Industry, UAE ("DCCI UAE"/"Head Office") that provides services of connecting business partners in Dubai with businesses in India for a consideration from the Head Office.

The Applicant is a non-profit organization, formed to represent, support and protect the interests of the Dubai business community in India, by creating favorable environment, promoting Dubai businesses and by supporting development of business in India. Under the ambit of Reserve bank of India ("RBI") norms, the Applicant shall undertake below liaison/representation activities in India:

1. Liaison between India office and Dubai office.
2. Attending and representing DCCI in various seminars, conferences and trade fairs.
3. Connecting businesses in India with business partners in UAE and vice-versa.
4. Organizing events and interactions with Indian stakeholders for sharing information about Dubai.
5. Apart from above, no other activity is to be performed by the Applicant in India whether with or without any consideration.

Issue:

1. *Whether activities performed by the Applicant will be treated as supply under the GST Act?*
2. *Whether the Applicant is liable to pay GST?*

Decision of the Case

The Hon'ble AAR, Maharashtra decided as under:

- ❖ The Applicant connects business in India with businesses in Dubai, which is supply of services, and stated that the Applicant acts as a conduit between some business partners in Dubai and certain businesses in India. Therefore, the Applicant acts as an 'Intermediary' as defined under Section 2(13) of Integrated Goods and Service Tax Act, 2017 ("the IGST Act"), as, the Applicant satisfies all the conditions of an intermediary.
- ❖ Analyzed Section 13(8) of the IGST Act, and held that the place of supply for an intermediary would be the location of the supplier of services i.e. the location of the Applicant which is located in the State of Maharashtra, India.
- ❖ Noted that, from the website, it can be seen that DCCI, UAE, is providing various services for which fees are charged. Thus it is clear that the Applicant's Head Office appears to be a profit making organization, and the activities under taken are covered under the scope of "Commerce", "Business" and "Supply".
- ❖ the Applicant cannot be considered as non-profit making organization, effecting supply of services for a consideration for which it has to obtain GST Registration and pay applicable GST on its transactions.

The AAR, Maharashtra held that a liaison office of the DCCI to be an 'intermediary' who is providing services. The liaison office cannot be considered as non-profit making organization, and the activities undertaken are covered under the scope of "Commerce", "Business" and "Supply". Hence, liable to pay GST and take registration under the Central Goods and Services Tax Act, 2017 ("the CGST Act").