

**Providing of marketing services and acting as a conduit between a foreign company and customers to be termed as ‘intermediary’**

The AAR, Maharashtra in the matter of ***Gulf Turbo Solutions LLP [Advance Ruling No. GST-ARA- 101/2019-20/B-53 dated April 27, 2022]*** has held that assessee providing marketing services to a foreign company and acting as a conduit between a foreign company and its Indian customers to be considered as intermediary. Further held that, such marketing services provided cannot be classifiable as export under Section 2(6) of the Integrated Goods and Services Tax Act, 2017 (“**the IGST Act**”).

**Facts:**

Gulf Turbo Solutions LLP (“**the Applicant**”) is engaged in the business of service and repairs of various types of turbochargers and lying spare parts required for turbochargers and ship spares and incorporated in India. Further, Gulf Turbo Repairs and Services FZC (“**the Related Company**”) is a company registered in Sharjah, UAE and is engaged in the same business.

The Applicant agreed to provide marketing services to GTRS FZC for providing with information market trends and features to assist in determining the nature and scope of market potential, assisting in adaptation and implementation of its advertising policy, providing information on products & its functioning to customers and notifying of any consumer complaints and in conducting sales prospection through participation in industry events such as exhibitions, etc.

Further, the appointment of Applicant for such marketing services will be on P2P basis as an independent contractors which do not intend to create relationship of Principal and Agent between both the Applicant and the Related Company.

The Applicant has contended that the services provided by them would constitute export u/s 2(6) of the IGST Act.

**Issues:**

- Whether marketing services provided by the Applicant under the marketing services agreement will constitute the supply of 'support services' or as 'Intermediary Services'?
- Whether marketing services provided by the Applicant is an export of services as defined under Section 2(6) of the IGST Act?

**Held:**

The AAR, Maharashtra in ***Advance Ruling No. GST- ARA- 101/2019-20/B-53 dated April 27, 2022***, held as under:

- Observed that by connecting the customers/prospective customers with the Related Company, the Applicant is arranging or facilitating the supply of goods or services or both, between two or more persons.
- Further observed that, the Applicant satisfies all the conditions of an intermediary provided u/s 2(13) of the IGST Act.
- Opined that, the Applicant is acting as an intermediary and as a conduit between the Related Company and the customers in India.
- Held that, as per the provisions of Section 13(8) of the IGST Act, it is found that the place of supply of the Applicant as 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, therefore, the condition of export of services as per Section 2(6) of the IGST Act is not satisfied.

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