

GST-ADVANCE RULINGS

CA. C. B. Thakar, CA. Jinal Maru

Case: M/s GOA INDUSTRIAL DEVELOPMENT CORPORATION [2020-TIOL-07] (GOA AAR)

The applicant entered into lease agreement with 7 parties for setting up of SEZ. However, the same could not materialize due to protest from people. Therefore the applicant had to refund the deposits received from the lessess/ parties. The applicant further required to pay / compensate the parties with 8.25% interest as demanded by the parties & per the directions of the Supreme Court. The original Deed of Lease did not contain the clause of compensating the parties with interest.

The AAR held that the original amount which is paid along with compensation would qualify as “Supply of services” under clause “e” of Schedule II of CGST Act the applicant has agreed to do an act of vacating the claim by parties of setting up of SEZ, for which it has paid consideration to them.

Case: INFOBASE SERVICES PVT LTD [2019-TIOL-498-AAR-GST (WEST BENGAL)]

The applicant had been engaged by the Tollygunge Club Ltd for supplying service of printing Directory of Members 2020 & also to do marketing of advertisement space for the directory. It was agreed between the parties that the applicant would have to finance the project cost of printing the Directory from the proceeds from sale of space for advertisements. If it exceeds the final project cost for printing, the applicant will gain 75% of the differential amount. If it does not cover the cost of such printing, the applicant would have to bear losses to such extent –

The applicant approached the AAR seeking to know if procurement of advertisements for the directory is classifiable as selling of space for advertisement in Print media & what is the rate of GST.

The AAR held that the Applicant is making a mixed supply to the Tollygunge Club of printing service (SAC 998912) and intermediary service for selling space for advertisement on behalf of the club (SAC 998362). It shall be treated as supply of the above intermediary service taxable @ 18% under SI No. 21 (ii) of Notification No. 11/2017 - CT (Rate) dated 28/06/2017.