

RAJ/AAR/2018-19/05 dated 16/06/2018

Advance Ruling Category : Determination of Liability

State : Rajasthan

Order No.: RAJ/AAR/2018-19/05 dated 16/06/2018

Name of Entry :

M/S HABUFA MEUBELEN B.V. (INDIAN LIASION OFFICE)

Date : 13-07-2018

Product/ Service Involve :

M/S HABUFA MEUBELEN B.V. is a Company with Head Office in Netherlands and the liaison office in Jaipur and the Liaison Office shall not undertake any activity of a trading, commercial, or industrial nature nor shall it enter into any business contracts and entire expenses will be met exclusively out of funds received from Head Office.

Brief Issue :

(a) Whether the reimbursement of expenses and salary paid to the liaisoning office in India is supply of service especially when no consideration for any service is charged/paid? (b) Whether the applicant i.e. the Liaison Office is required to get registered under GST? (c) If it is assumed that the reimbursement of expenses and salary claimed by liaison office is a consideration towards a service, then what will be the place of supply of such service?

Decision of Advance Ruling Authority :

If the liaison office in India does not render any consultancy or other services directly/indirectly, with/ without any consideration and the liaison office does not have significant commitment power, except those which are required for normal functioning of the office, on behalf of Head Office, then the reimbursement of expenses and salary paid by MS HABOUFA MEUBULEN B.V.(HO) to the liaison office, established in India, is not liable to GST and the applicant i.e. MS HABOUFA MEUBULEN B.V, Jaipur, is not required to get itself registered under GST.