EASY NOTES ON PLACE OF SUPPLY

PLACE OF SUPPLY

GST is primarily a destination-based consumption tax though there are occasions where it can be origin-based or the place of origin and destination may be same. This, in simple terms, means that the tax collected on supply of goods should accrue to the jurisdiction or State in which those goods are consumed. Elaborate rules have been made for determining place of supply of goods based on the nature of supplies.

PLACE OF SUPPLY FOR GOODS

The place of supply of goods, other than supply of goods imported into, or exported from India, shall be as under :

Sec	Particulars	Place of Supply
10(1)(a)	Supply involves movement of Goods.	Location of delivery of goods to the recipient. Ex: A of Mumbai sells TV to B of Gujrat and TV is to be delivered in Gujrat. The place of supply is Gujrat as goods involve movement of goods from Mumbai to Gujrat.
10(1)(c)	Supply without movement of Goods.	Location of goods at the time of delivery to the recipient. (Over the counter sale are covered under this section.) Ex. A, who lives in Goa and goes to Mumbai and purchase a TV from an outlet in Mumbai. A himself takes the delivery in Mumbai and transport the TV in his car. The place of supply is Mumbai as supply does not involve movement of goods.
10(1)(d)	Assembly or installation at site.	Place of assembly or installation. Ex. A of Mumbai wants to get a Xerox machine installed in his shop in Mumbai from supplier B located in Gujrat. Since the Xerox machine is installed at Mumbai, Place of supply is Mumbai.
10(1)(e)	Supply on board a conveyance such as vessel, aircraft, train, motor vehicle.	Location at which such goods are taken on board. Ex. A train starts from Delhi for Mumbai. On the way water bottle cartons are taken on board at Agra that are purchased by passengers during the journey from Agra to Mumbai. The place of supply of water bottles is Agra.
10(1)(b)	Supplier delivering to a recipient on direction of a third person .	Third person's principle place of business for the first leg of the supply and location of delivery to recipient for the second leg. Detail analysis given on next page.

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EASY NOTES ON PLACE OF SUPPLY

Place of supply where goods are delivered by supplier on the direction of third person Sec 10 (1)(b)

Where the goods are delivered by the supplier to a person, on the direction of a third person, whether acting as an agent or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such third person.

Ex: Mr. Vaibhav of Mumbai (MH) sells goods to Mr. Ujjwal of Bhopal (MP) and instruct Mr. Vaibhav of Mumbai to deliver goods to Mr. Rahul of Nagpur (MH).
In the above example three party are involved.
Supplier: Mr Vaibhav (MH)
Bill to Party: Mr Ujjwal (MP)
Ship to Party: Mr Rahul (MH)

Mr. Vaibhav of Mumbai arrange for delivery of goods to Mr. Rahul of Nagpur on the direction of Mr. Ujjwal of Bhopal. The above transaction involves two IGST supplies:

i. By Mr Vaibhav (MH) to Mr Ujjwal (MP).
ii. By Mr Ujjwal(MP) to Mr Rahul (MH).

In the above transaction Mr Vaibhav (MH) deliver goods to Mr Rahul (MH) on the direction of Mr. Ujjwal (MP) (here third person), it will be deemed that Mr Ujjwal (MP) have received the goods and then supplied it to the Mr Rahul (MH).

Comment: In transaction involving two leg supply, two invoice will be issued. First by Supplier to Bill to party and Second by Bill to party to Ship to party.

Examples

S/No	Supplier	Bill to party	Ship to Party	Place of supply for First Leg	Place of supply for Second Leg
1	A (Maharashtra)	B (Maharashtra)	C (Gujrat)	Maharashtra **CGST+SGST**	Gujrat **IGST**
2	A (Maharashtra)	B (Gujrat)	C (Maharashtra)	Gujrat **IGST**	Maharashtra **IGST**
3	A (Maharashtra)	B (Goa)	C (Gujrat)	Goa **IGST**	Gujrat **IGST**

Place of supply of goods imported into or exported from India

S/No	Transaction	Place of Supply
1	Import	Location of Importer.
2	Export	Location outside India.

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