Understand GST on Travel Agent

GST ON AIR TRAVEL

TRANSPORT OF PASSANGER BY AIR IS CHARGABLE TO GST AS:

- TRANSPORT OF PASSANGER BY AIR IN ECONOMY CLASS : 5% WITH FULL ITC.
- TRANSPORT OF PASSANGER BY AIR IN OTHER THEN ECONOMY CLASS : 12% WITH FULL ITC.

VALUATION FOR AIR TRAVEL AGENT

THE VALUE OF SUPPLY OF SERVICES IN RELATION TO BOOKING OF TICKETS FOR TRAVEL BY AIR PROVIDED BY AN AIR TRAVEL AGENT SHALL BE DEEMED TO BE-

- FOR DOMESTIC BOOKING : 5%* OF BASIC FARE
- FOR INTERNATIONAL BOOKINS : 10 %* OF BASIC FARE

*5%/10% IS NOT TAX RATE, IT IS PORTION OF BASIC FARE WHICH WILL BE DEEMED TO BE THE TAXABLE **VALUE** AND THE TERM BASIC FARE MEANS THAT PART OF THE AIR FARE ON WHICH COMMISSIOM IS NORMALLY PAID TO THE AIR TRAVEL AGENT BY THE AIRLINE.

GST RATE FOR AIR TRAVEL AGENT

GST TAX RATE SHELL BE **18% WITH FULL** ITC FOR AIR TRAVEL AGENT.

PLACE OF SUPPLY IN CASE OF AIR TRAVEL AGENTS

THE PLACE OF SUPPLY SHALL BE LOCATION OF SUCH PERSON IF SUCH PERSON IS REGISTERED PERSON. SINCE AIR TRAVEL AGENT IS PROVIDING SERVICES TO AIRLINES, PLACE OF SUPPLY WILL BE LOCATION OF SUCH COMPANY.

HOWEVER IF THEY ARE CHARGING COMMISSION FROM USER WHO IS UNREGISTERED PERSON, THEN THE PLACE OF SUPPLY WILL BE:

- THE LOCATION OF RECIPIENT WHERE ADDRESS ON RECORD EXISTS,
- THE LOCATION OF SUPPLIER OF SERVICES IN OTHER CASES.

Analysis of input tax credit by Recipient of service.

“Recipient” of supply of goods or services or both, means—

a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and

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c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,

and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall **include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied**.

Since, Agent is booking Air ticket on behalf of Traveller, the traveller (A registered entity or his employee) will get credit of GST paid on Air Travel Ticket and the Agent should upload the GSTN of traveller on the portal of Airline at the time of Booking of Ticket.

EFFECT OF GST ON AIR TRAVEL AGENTS

Commission received from AirLines Company of booking of tickets:
Air travel agent will get commission from Air Lines while booking the ticket, commission amount will be calculated as per Valuation rules given above. Air Travel Agent will issue Invoice of commission to AirLines with 18% GST and AirLines will get credit of same.

Commission charged by Air Travel Agent from Traveller:
If Air Travel Agent charges anything above Ticket value to the traveller on the name of commission or processing fee or any other charges, then he will have to pay GST @18% on such additional amount.

Note: Air Fair mentioned on Ticket will be requirement of expenses by Air travel Agent from the traveller and GST credit on ticket will be taken by registered traveller.

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