

PLACE OF SUPPLY OF SERVICE



PLACE OF SUPPLY FOR
EVENT BASED SERVICE
UNDER GST

With the rapid industrialization and advancements in modern technology, it has become essential and possible for businesses to expand beyond their local markets and operate across the entire Indian market as well as internationally. The service sector has shown tremendous potential and growth, especially in cross border transactions. In this evolving landscape, determining the correct jurisdiction and taxability of transactions has assumed significant importance. To address these challenges, the Government had introduced the Place of Provision of Services Rules, 2012, to provide a clear framework for identifying the location of service provision and ensuring appropriate taxation, during the service tax regime. More or less similar position remains under the GST regime as well.

The fundamental philosophy underlying these rules is that, in indirect taxation, a service should be taxed in the jurisdiction where it is consumed. This consumption-based principle is widely accepted and applied internationally. Accordingly, exports of services are not subject to tax since the consumption takes place outside the taxable territory, whereas services are taxed upon their import into the taxable territory.

However, determining the place of taxation is not always straightforward. Services may be provided by a person located in one jurisdiction, performed in another, delivered to a recipient in a different location, and sometimes consumed in yet another place or across multiple geographical areas, thereby involving more than one taxable jurisdiction.

For example, a person located in Mumbai may buy a ticket on internet from a service provider located outside India for a journey from Delhi to London. On other occasions the exact location of service recipient itself may not be available e.g. services supplied electronically. As a result, it is necessary to lay down rules determining the exact place of provision, while ensuring a certain level of harmonization with international practices in order to avoid both the double taxation as well as double non-taxation of services.

The Place of Provision of Services Rules, 2012 under the Service Tax regime and the Place of Supply provisions under GST are based on the same fundamental concept—taxing services at the place where they are consumed (destination-based taxation). The erstwhile provisions under Service Tax regime, contained provisions to determine the jurisdiction and taxability of services between taxable and non-taxable territories, while GST adopted and expanded this framework to decide whether a supply is intra-State, inter-State, export, or import of services. In simple terms, under the GST regime, there was no change the basic principle; it continued and refined the Service Tax regime approach to ensure correct taxation and to avoid double taxation or non-taxation.

Under GST, the concept of Place of Supply plays a crucial role in determining whether a transaction qualifies as an intra-State supply or an inter-State supply and, accordingly, whether CGST and SGST or IGST is applicable

Before proceeding further, it is necessary to understand the following concepts:

A. What is Place of Supply?:

2(86) "Place of supply" means the place of supply as referred to in Chapter V of the Integrated Goods and Services Tax Act;

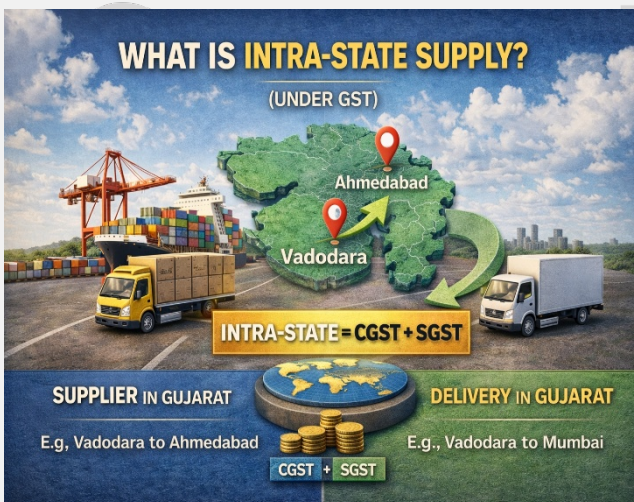


B. What is Intra-State & Inter-State ?

2(64)	"intra-State supply of goods" shall have the same meaning as assigned to it in section 8 of the Integrated Goods and Services Tax Act;
2(65)	"intra-State supply of services" shall have the same meaning as assigned to it in section 8 of the Integrated Goods and Services Tax Act;

Section 7 of IGST Act, 2017: Inter-State Supply:

7(3) Subject to the provisions of section 12, supply of services, where the location of the supplier and the place of supply are in—



(a)	two different States;
(b)	two different Union territories; or
(c)	a State and a Union territory,

shall be treated as a supply of services in the course of inter-State trade or commerce.

(4) Supply of services imported into the territory of

India shall be treated to be a supply of services in the course of inter-State trade or commerce.

(5) Supply of goods or services or both,—

(a)	when the supplier is located in India and the place of supply is outside India;
(b)	to or by a Special Economic Zone developer or a Special Economic Zone unit; or
(c)	in the taxable territory, not being an intra-State supply and not covered elsewhere in this section,

shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.

Section 8 of IGST Act, 2017: Intra- State Supply:

(2) Subject to the provisions of section 12, supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply:

Provided that the intra-State supply of services shall not include supply of services to or by a Special Economic Zone developer or a Special Economic Zone unit.



Explanation 1.—For the purposes of this Act, where a person has,—

(i)	an establishment in India and any other establishment outside India;
(ii)	an establishment in a State or Union territory and any other establishment outside that State or Union territory; or
(iii)	an establishment in a State or Union territory and any other establishment ²¹ [***] registered within that State or Union territory,

then such establishments shall be treated as establishments of distinct persons.

Explanation 2.—A person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory.

Since the present article, inter alia, seeks to explain the taxability of event based services, the ensuing discussion assumes great importance.

C. What are Event Based Services?

The Services provided in relation to the planning, organization, promotion, or execution of various events like conferences, exhibitions, weddings, concerts, and sports events.



❖ Legal Provision under GST:

Supply for event-based service is governed by Section 12(7) and Section 13(5) of the IGST Act, 2017 depending on the location of the Supplier and Recipient of the services.

❖ When Supplier and Recipient are located in India:

Section 12(7) of IGST Act, 2017: Place of supply of services where location of supplier and recipient is in India.

(7) *The place of supply of services provided by way of,—*

(a)	<i>Organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events; or</i>
(b)	<i>services ancillary to organization of any of the events or services referred to in clause (a), or assigning of sponsorship to such events,—</i>
(i)	<i>to a registered person, shall be the location of such person;</i>

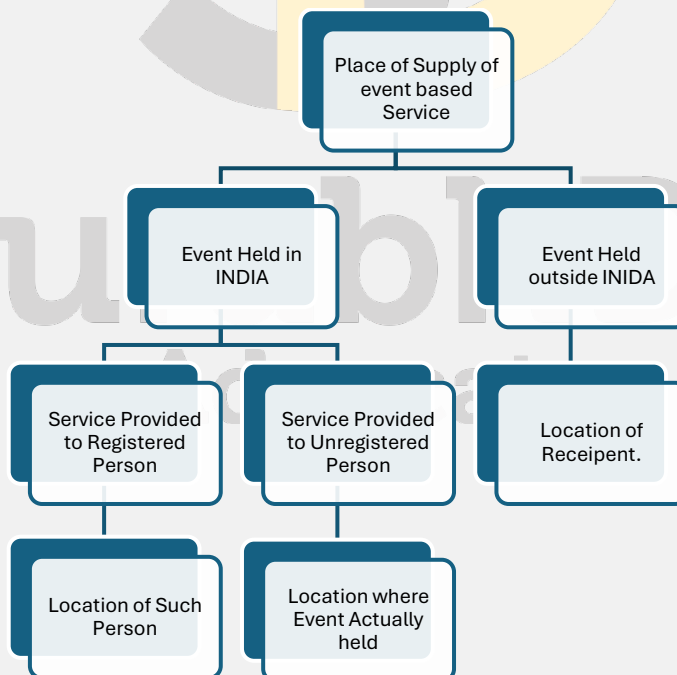
(ii) to a person other than a registered person, shall be the place where the event is actually held and if the event is held outside India, the place of supply shall be the location of the recipient.

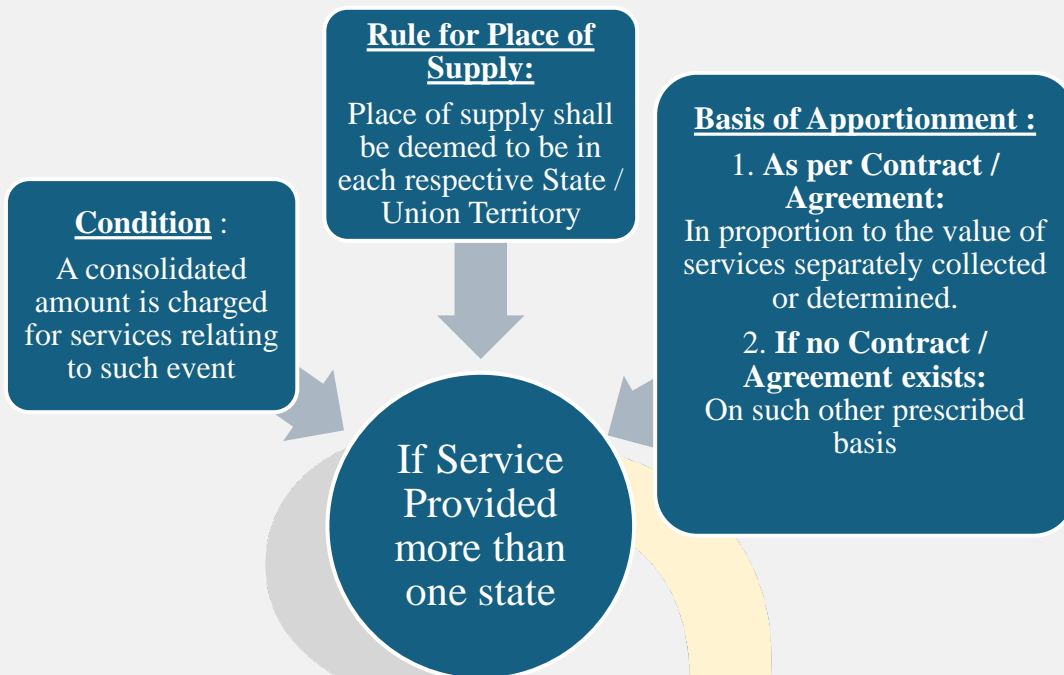
Explanation.—Where the event is held in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such the place of supply of such services shall be taken as being in each of the respective States or Union territories in proportion to the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.

Simply put:

There are two types of Services:

- a. Service provided by way of Admission based Event such as cultural, education, sport in respect to fair, exhibition, conference etc.
- b. Ancillary service Provided in relation to Organization of an event such as Sponsorship Services, ancillary service of such event.





❖ **When either the supplier or the recipient located outside the India :**

Section 13(5)(6)(7) of IGST Act, 2017: Place of supply of services where location of supplier or location of recipient is outside India.

(5) The place of supply of services supplied by way of admission to, or organisation of a cultural, artistic, sporting, scientific, educational or entertainment or a celebration, conference, fair, exhibition or similar events, and of services ancillary to such admission or organisation, shall be the place where the event is actually held.

(6) Where any services referred to in sub-section (3) or sub-section (4) or sub-section (5) is supplied at more than one location, including a location in the taxable territory, its place of supply shall be the location in the taxable territory.

(7) Where the services referred to in sub-section (3) or sub-section (4) or sub-section (5) are supplied in more than one State or Union territory, the place of supply of such services shall be taken as being in each of the respective States or Union territories and the value of such supplies specific to each State or Union territory shall be in proportion to the value for services separately collected or determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.

In simple words:

That the place of supply of services supplied by way of:

- Admission to cultural, artistic, sporting, scientific, educational, entertainment or similar events;
- Organizing of such events, including celebrations, conferences, fairs, exhibitions, or similar gatherings; and
- Services ancillary to such admission or organization

shall be the place where the event is actually held.

That the supply is more than one location, and one of those locations lies within the taxable territory, the place of supply shall be deemed to be the location within the taxable territory.

When such services are supplied across multiple States or Union Territories, the place of supply shall be considered as being in each of the respective States or Union Territories where the services are provided.

That the fundamental principle under this provision is that taxation is linked to the physical location of the event, when the transaction is governed by Section 13 of IGST Act, 2017. For cases where either one of the service provider or receiver is located outside India, irrespective of where the supplier or recipient is located, the decisive factor for determining the place of supply is the venue where the event takes place.

❖ **Key Compliance Implications where both service provider are receiver are in India (Section 12 of IGST Act, 2017):**

A. Determination of Nature of Tax:

These provisions are crucial as they determine the nature of tax applicable to the transaction:

- If place of supply and supplier are in the same State → CGST + SGST applicable.
- If place of supply and supplier are in different States → IGST applicable.

Consequences of wrongly characterising the nature of supply or place of supply:

- Short payment of tax;
- Denial of Input Tax Credit (ITC) to recipient;
- Interest and penalty exposure.

B. Impact of GST Registration:

- In B2C cases, where the place of supply is the State where the event is held, the supplier may need GST registration in that State.
- Organizers conducting events in multiple States must evaluate multi-State registration obligations.

C. Invoicing and Reporting Compliance:

- Invoice must correctly mention:
 - Place of supply,
 - GSTIN of recipient (if registered),
 - Nature of tax charged (IGST or CGST/SGST).
- Proper reporting in GSTR-1 and GSTR-3B is essential.

D. Documentation and Contractual Clarity:

- Agreements should clearly specify:
 - Location of event,
 - State-wise value allocation,
 - Sponsorship and ancillary services.

- Proper documentation safeguards against litigation.

E. ITC Implication:

- Incorrect place of supply may block ITC to recipient.
- B2B transactions must ensure correct POS to enable seamless credit flow.

❖ **Practical Challenges under GST – Event & Exhibition Industry**

1. Multi-State Events and Apportionment

Q. How should value be apportioned when an exhibition event is organized across multiple States, but a single consolidated invoice is issued?

Answer:

When an event is conducted across multiple States, the place of supply (POS) becomes crucial to determine the correct State-wise tax liability.

- If the services are provided to registered persons (B2B), the POS is generally the location of the recipient.
- If provided to unregistered persons (B2C), the POS is the location where the event is actually held.

In case of multi-state events, value should ideally be apportioned State-wise based on reasonable and documented criteria such as:

- Number of days in each State
- Revenue attributable to each location
- Area occupied or services consumed State-wise

Issuing a single consolidated invoice without proper apportionment may lead to:

- Wrong discharge of CGST/SGST instead of IGST (or vice versa)
- ITC disputes
- Litigation exposure

Proper contractual structuring and State-wise invoicing is advisable.

The statutory basis for apportionment flows from the Explanation to Section 12(7) of the IGST Act, which mandates State-wise allocation in proportion to value, failing which reasonable allocation methodology must be adopted.

2. Bundled Services (Event + Food + Hotel + Transportation)

Q. If a contract includes event management along with food, hotel accommodation, and transportation, will the entire contract follow event-based Place of Supply rules?

Answer:

It depends on whether the supply qualifies as a composite supply or consists of multiple independent supplies.

- If the services are naturally bundled and supplied in conjunction with each other, where the principal supply is event management, the entire contract may follow the POS applicable to the principal supply.
- However, if food, hotel, and transportation are separately identifiable and not naturally bundled, each service may attract its own POS provisions, such as:
 - Hotel accommodation – Location of immovable property

- Restaurant/catering – Location of supply
- Passenger transport – Location of registered recipient or embark on the conveyance for a continuous journey.

Improper classification can lead to tax mismatch and ITC denial. Careful drafting of contracts is essential.

3. Sponsorship Services

Q. In case of sponsorship services, should the Place of Supply be the sponsor's location or the event location?

Answer:

Sponsorship services are generally treated as services supplied to the sponsor.

- If the sponsor is a registered person, POS is the location of the sponsor (recipient).
- If the sponsor is unregistered, POS may shift to the location where the event is held.

Thus, in most B2B sponsorship cases, the sponsor's location determines POS, not the event location.

Example:

Recipient of service	Location of Service Provider	Location of Service receiver	Location of Event	Place of Supply	GST Applicable
Registered person	Gujarat	Gujarat	Gujarat	Gujarat	CGST + SGST
Registered person	Gujarat	Gujarat	Maharashtra	Gujarat	CGST + SGST
Registered person	Gujarat	Mumbai	Mumbai	Mumbai	IGST
Registered person	Gujarat	Mumbai	Gujarat	Mumbai	IGST
Registered person	Gujarat	Mumbai	Delhi	Mumbai	IGST
Unregistered person	Punjab	Punjab	Punjab	Punjab	CGST + SGST
Unregistered person	Punjab	Punjab	Assam	Assam	IGST
Unregistered person	Punjab	Kerala	Punjab	Punjab	CGST + SGST
Unregistered person	Punjab	Kerala	Kerala	Kerala	IGST

Unregistered person	Punjab	Kerala	Assam	Assam	IGST
---------------------	--------	--------	-------	-------	------

❖ **Event held Outside India for Indian Client where service provider is outside India (Section 13 of IGST Act, 2017):**

Q. If an exhibition is conducted outside India for an Indian client, what is the tax implication?

Answer:

If the recipient is located in India and whether is registered or not, the POS would be the location of the event.

Of course, if service provider and receiver both are in India, however, event may take place outside India, the transaction would be governed by Section 12 and not Section 13, and generally the place of supply will be location of registered recipient, or location of event (in case of unregistered recipient).

Such cases require careful examination to determine whether:

- The place of supply qualifies as being outside India, or
- It remains taxable in India under GST.

Foreign Client – Export Misconception

Q. Is service provided to a foreign client for an event held in India treated as export of service?

Answer:

Not necessarily.

For a service to qualify as export of service, all five conditions under Section 2(6) of the IGST Act must be satisfied, including that the POS must be outside India.

In case of event-related services where the event is held in India:

- POS is often the location of the event (i.e., India).
- Since POS is in India (event held in India and service provider and receiver both are not in India), the transaction does not qualify as export, even if the recipient is located outside India and payment is received in foreign currency.

This is a common misconception and may result in incorrect zero-rating claims.

ITC Blockage Risk & Mismatch Issues

Q. What are the risks of wrong ITC availment or tax payment mismatch in event services?

Answer:

Event industry transactions involve multiple vendors across States, which increases compliance risks such as:

- Wrong classification of CGST/SGST vs IGST
- Vendor charging tax in wrong State
- ITC mismatch in GSTR-2B
- Blocked credit under Section 17(5) (e.g., food & beverages, outdoor catering, etc., unless used for further supply)

Incorrect tax payment or wrong ITC claim may lead to:

- Reversal with interest
- Penalties
- Departmental scrutiny

Regular reconciliation and proper vendor communication are critical to avoid ITC blockage.

Disclaimer: The contents of this note have been prepared on the basis of IGST Act, 2017 and CGST Act, 2017 and various provisions thereunder. Although care has been taken to ensure the accuracy, completeness and reliability of the information available, the author assumes no liability. This is purely academic and informative and neither constitutes a legal advice or opinion nor a suggestion to follow the views expressed, in any manner. The present article is purely based on personal views of the author and do not constitute a legal advise/opinion or solicitation. Therefore, users of this information are expected to refer to the extant law.

Complied and Developed by:

Divya Sudumbrakar, Advocate (M.Com, LLB),

SAURABH DIXIT, ADVOCATE

E-mail id: info@saurabhdixit.in

www.saurabhdixit.in