AUTHORITY FOR ADVANCE RULING, TAMIL NADU
No.207, 2nd FLOOR, PAPJM BUILDING, No.1, GREAMS ROAD,
CHENNAI 600 006.

ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND UNDER SECTION 98(4) OF THE TNGST ACT, 2017

Members present:

Shri C. Thiyagarajan, I.R.S., **Commissioner/Member (CGST),** **Office of the Commissioner of GST and Central Excise, Audit I Commissionerate,** **Chennai - 600 101.**	**Shri B. Suseel Kumar, B.E., MBA.,** **Joint Commissioner/Member (SGST),** **Authority for Advance Ruling,** **Tamil Nadu,** **Chennai - 600 006.**

Advance Ruling No. 43 /ARA/2026, dated 04 .05.2026

1. Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-Section (1) of Section 100 of CGST Act 2017/TNGST Act 2017, within 30 days from the date on which the ruling sought to be appealed is communicated.

2. In terms of Section 103(1) of the Act, Advance Ruling pronounced by the Authority under Chapter XVII of the Act shall be binding only-

(a) On the applicant who had sought it in respect of any matter referred to in sub-section (2) Section 97 for advance ruling.

(b) On the concerned officer or the Jurisdictional Officer in respect of the applicant.

3. In terms of Section 103(2) of the Act, this Advance Ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.

4. Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.

5. The provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act (herein referred to as the Act) are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Services Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Services Tax Act.

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GSTIN Number, if any/User id	**33AAECS5437L1Z5**
Legal Name of Applicant	M/s. SAMPURNAM HOSIERIES IMPEX PRIVATE LIMITED
Trade Name of Applicant	M/s. SAMPURNAM HOSIERIES IMPEX PVT LTD
Registered Address/ Address provided while obtaining User id	4/57, M.G.PUDUR POST, SULUR-VIA, COIMBATORE - 641406.
Details of Application	Application Form GST ARA-01 received from the applicant on 03.11.2025.
Jurisdictional Officer	Center – Coimbatore IV Division, Neelambur Range State – Tiruppur Central II Assessment Circle, Tiruppur Division.
Nature of activity (s) (proposed/present) in respect of which advance ruling sought for A. Category B. Description (in brief)	Service recipient The applicant is an exporter of garments and utilise the services of export marketing agents and foreign clearing and forwarding agents.
Issues on which advance ruling required	Determination of the liability to pay tax on any goods or services or both.
Query(s) on which advance ruling is required	1. The export order is sourced by a Director of the company who is a foreign national – is the payment of commission liable to pay GST? 2. Is payment to marketing agents who are foreigners liable to pay GST? 3. Is Clearing and Forwarding in Foreign land liable to pay GST?

M/s. Sampurnam Hosieries Impex Private Limited, Coimbatore (hereinafter referred to as the "Applicant") is an exporter of garments.

2. They have sought ruling on the liability of GST on the following services :

a. One of the directors of the company is a foreign national. He is planning to make the marketing and sourcing of orders. His commission will be @ 15% of the invoice value. What will be the tax liability in this case?

b. Marketing agents are foreigners and they will be paid at 20% of the invoice value for marketing. What will be the tax liability in this case?

c. Clearing and forwarding will be done in foreign country by a foreign company/individual. What will be the tax liability in this case?

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They also added that all the above activities are happening in foreign country.

3. The applicant is under the administrative control of Central Tax Authority. The concerned Authorities of the Centre and State were addressed to report the detailed remarks and no pendency report on the queries raised by the applicant in their ARA application. Since, no remarks have been received from the Central or State GST jurisdictional Authorities, it is construed that there are no pending proceedings against the applicant on the queries raised by them in their advance ruling application.

4. PERSONAL HEARING

4.1 The applicant was given an opportunity to be heard in person on 27.3.2026. Mr. C. Pasupathi, Manager, appeared for the personal hearing as the authorized representative (AR) of M/s. Sampurnam Hosieries Impex (P) Ltd. The AR reiterated the submissions made in their application for advance ruling.

4.2 The AR stated that one of their directors is a Swiss national and would be marketing and sourcing of orders from abroad for which the company would pay 15% of invoice value as commission. They sought clarification on whether GST was payable on this commission.

4.3 The AR further informed that this director owned 99% of the shares of the company and was not paid any separate salary.

4.4 The AR further added that there are other marketing agents who are foreigners too and to whom commission would be paid and requested for clarification on applicability of GST on the commission paid in these cases also. The AR also stated that the commission amount was mentioned in the shipping bills.

4.5 They also stated that in some instances where there are multiple consignors in a single export *shipment,* they utilize the services of C&;F agents in foreign land for further shipment of their goods. They sought clarification on whether payments made to C& F agents in foreign lands in such cases would attract GST.

4.6 The applicant was requested to provide copies of invoices/shipping bills which they agreed to.

5. Discussions and Findings:

5.1 We have carefully considered the submissions made by the applicant in the advance ruling application, and the submissions made during the personal hearing held on 27.3.2026.

5.2 We find that under the application for advance ruling filed, the applicant has raised the following queries -

a. One of the directors of the company is a foreign national. He is planning to make the marketing and sourcing of orders. His commission will be @ 15% of the invoice value. What will be the tax liability in this case?

b. Marketing agents are foreigners and they will be paid at 20% of the invoice value for marketing. What will be the tax liability in this case?

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c. Clearing and forwarding will be done in foreign country by a foreign company/individual. What will be the tax liability in this case?

5.3 Section 97(2) of the CGST Act, 2017 specifies the nature of questions on which an advance ruling can be sought, and the same is reproduced as below :-

> *"(2) **The question** on which the advance ruling is sought under this Act, shall be in respect of,—*
>
> *(a) classification of any goods or services or both;*
>
> *(b) applicability of a notification issued under the provisions of this Act;*
>
> *(c) determination of time and value of supply of goods or services or both;*
>
> *(d) admissibility of input tax credit of tax paid or deemed to have been paid;*
>
> *(e) determination of the liability to pay tax on any goods or services or both;*
>
> *(f) whether applicant is required to be registered;*
>
> *(g) whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term."*

5.4 We find that the queries raised by the applicant are liable for admission as they get covered under
"*determination of the liability to pay tax on any goods or services or both*",
which is specified under Section 97(2)(e) of CGST/TNGST Act, 2017.

5.5 We find that the applicant has sought advance ruling in respect of three queries as mentioned above, and we proceed to consider one query at a time and discuss. Accordingly, the first query raised by the Applicant is,

> "One of the directors of the company is a foreign national. He is planning to make the marketing and sourcing of orders. His commission will be @ 15% of the invoice value. What will be the tax liability in this case?"

The submissions made by the applicant in this regard are summarised as under

(i) The applicant is an exporter of garments
(ii) The Director of the company is a foreign national (Switzerland)
(iii) The director is planning to market and source orders for which he will be paid a commission of 15% of FOB value.
(iv) The applicant has also stated that the director is not paid any separate salary.

5.6 On perusal of the "Commission Agreement" submitted by the applicant it is seen that the applicant has agreed to pay the director, Mr. Thomas W. Schugk a commission of 15% of FOB for the orders sourced by him. It has been stated by the applicant that the said director owns 99% of the shares of the company and is based in Switzerland. Hence even though commission is paid to Director, the said payment is for services provided to his own company.

5.7 Section 2(11) of the IGST Act, 2017 provides that "" import of services" means the supply of any service, where-

(i) The supplier of service is located outside India;
(ii) The recipient of service is located in India; and
(iii) The place of supply of service is in India;"

In the instant case the supplier of service, the director, Mr. Schugk is located outside India; the recipient of service, the applicant is located in India, thus satisfying conditions (i) and (ii) above.

In respect of the place of supply of service, Section 13 of the IGST Act, 2017 states as follows:-

"SECTION 13. Place of supply of services where location of supplier or location of recipient is outside India – (1) The provisions of this section shall apply to determine the place of supply of services where the location of the supplier of services or the location of the recipient of services is outside India.

(2) The place of supply of services except the services specified in sub-sections (3) to (13) shall be the location of the recipient of services :"

The supplier of service, the director of the company, Mr. Schugk is outside India. Section 13(2) of the IGST Act, 2017 lays down that the location of recipient of services shall be place of supply. Thus the place of supply in this instance is India, being the location of recipient of services viz., the applicant and consequently, the services received by the applicant falls under the definition of "Import of services" as per Section 2(11) of the IGST Act, 2017

5.8 As per section 7(4) of the IGST Act, 2017, supply of services imported into the territory of India shall be treated to be supply of services in the course of inter-state trade or commerce. Notification No. 10/2017- Integrated Tax (Rate) dated 28.6.2017 states that

> "the whole of integrated tax leviable under section 5 of the said Integrated Goods and Services Tax Act, shall be paid on reverse charge basis by the recipient of the such services as specified in column (4) of the said Table"

Column (4) specifies any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient and received by any person located in the taxable territory.

In the present case, the supplier of service viz., the director is located in non-taxable territory and the recipient viz., the applicant is located in taxable territory thus fulfilling the conditions laid down vide notification 10/2017 ibid. Therefore, we hold that the applicant is liable to pay GST under reverse charge as laid down vide notification 10/2017 ibid on the commission paid to the director located outside India for the orders sourced by him.

6.1 Now we move on to the second query raised by the applicant, viz.

> "Marketing agents are foreigners and they will be paid at 20% of the invoice value for marketing. What will be the tax liability in this case?"

6.2 Based on the submissions of the applicant we find that the marketing agents are located abroad, and their role is to facilitate the supply of goods and invoices are raised in the name of buyer only. Section 2(13) of the Integrated Goods and Services Tax Act, 2017 states "(13) "intermediary" means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or

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more persons, but does not include a person who supplies such goods or services or both or securities on his own account;". The applicant has stated during Personal hearing that these foreign marketing agents operate similarly like the director in sourcing orders and commission at 20% of the invoice value would be paid to them. In the instant case these agents are not directors or employees of the applicant firm and are merely sourcing orders for the applicant for which a commission is received by them. Hence these marketing agents fall under the description of intermediary as laid down under Section 2(13) of the IGST Act, 2017.

6.3 Section 2(11) of the IGST Act, 2017 provides that "" import of services" means the supply of any service, where-

(i) The supplier of service is located outside India;

(ii) The recipient of service is located in India; and

(iii) The place of supply of service is in India;"

In the instant case, the conditions at (i) and (ii) above are satisfied as the supplier of service – the marketing agent, is located outside India and the recipient of service, the applicant is located in India. In respect of clause (iii) of the section ibid, it is seen that section 13(8) of the IGST Act, 2017 is relevant to the issue in hand which stipulates that in the case of intermediary services, the place of supply shall be the location of supplier of services. Thus clause (iii) is not satisfied as the place of supply is not India.

6.4 Thus the services received by the applicant is out of the ambit of "Import of services" in as much as clause (iii) of Section 2(11) of the IGST Act, 2017 is not fulfilled. Therefore, we hold that GST under reverse charge is not payable on the commission paid to foreign marketing agents.

7.1 The third query raised by the applicant is,

> "Clearing and forwarding will be done in foreign country by a foreign company/individual. What will be the tax liability in this case?"

7.2 The applicant has stated that in some instances where there are multiple consignors in a single export *shipment*, they utilize the services of C&F agents in foreign land for further shipment of their goods. From the invoices provided by them it is seen that the agent is mentioned as "Consignee" with a different name and address as "buyer". The agent is charging the customer for various services such as arrival charges, customs clearance charges, terminal handling charges etc. Hence it is seen that the C&F agents are supplying logistics services on their own account in non-taxable territory. As discussed in respect of query 1 raised by the applicant, the services supplied by the C&F agents fall within the ambit of "Import of Services" in terms of Section 2(11) of the IGST Act, 2017 and therefore we hold that the applicant is liable to pay GST under reverse charge as laid down vide notification 10/2017 Integrated Tax (Rate) dated 28.6.2017 in respect of charges paid to C&F agents located outside India.

8. Based on the above discussion, we rule as under:

RULING

1. One of the directors of the company is a foreign national. He is planning to make the marketing and sourcing of orders. His commission will be @ 15% of the invoice value. What will be the tax liability in this case?	GST is payable on the commission paid to the director, who is a foreign national, for marketing and sourcing of orders as it falls within the the ambit of "Import of Services" in terms of Section 2(11) of the IGST Act, 2017 and liable to tax under reverse charge as laid down vide notification No. 10/2017 Integrated Tax (Rate) dated 28.6.2017.
2. Marketing agents are foreigners and they will be paid at 20% of the invoice value for marketing. What will be the tax liability in this case?."	GST is not payable on commission paid to marketing agents located abroad as it falls under intermediary services as per Section 2(13) of the IGST Act, 2017and hence do not fall within the ambit of "Import of services" as laid down under Section 2(11) of the IGST Act, 2017.
3. Clearing and forwarding will be done in foreign country by a foreign company/individual. What will be the tax liability in this case?"	GST is payable on charges paid to C&F agents as it falls within the ambit of "Import of Services" in terms of Section 2(11) of the IGST Act, 2017 and liable to tax under reverse charge as laid down vide notification No. 10/2017 Integrated Tax (Rate) dated 28.6.2017.

AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX TAMILNADU

(B. Suseel Kumar)
Member (SGST)

04/07/26

(C. Thiyagarajan)
Member (CGST)

To

M/s. Sampurnam Hosieries Impex (P) Ltd.
S.F. No. 90/1B, Tirupur Road, Uthukuli – R.S.
Tiruppur District – 638 752.
(By Speed Post)

Copy submitted to:

1. The Principal Chief Commissioner of GST and Central Excise,
   26/1, Uthamar Mahatma Gandhi Road,
   Nungambakkam, Chennai 600 034.
2. The Commissioner of Commercial Taxes,
   2nd Floor, Ezhilagam, Chepauk, Chennai 600 005.

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3. The Commissioner of GST and Central Excise,
Coimbatore Commissionerate,
No. 6/7, A.T.D. Street, Race Course,
Coimbatore – 641 018.

Copy to:

1. The Assistant Commissioner (ST),
Tiruppur Central – II Assessment Circle,
16, Emperor Building, Avinashi Road,
Tiruppur – 641 603.

2. Stock File – A1