

# GRC BULLETIN

OCTOBER - 2024, VOLUME: I

## CBIC

Circular regarding clarification in respect of advertising services provided to foreign clients—reg

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# TAX LAWS

## Authority

Central Board of  
Indirect Tax and  
Customs

## Circular Date

Sep 10, 2024

## Circular Number

No. 230/24/2024-GST

## Effective Date

Sep 10, 2024

# CBIC - CIRCULAR REGARDING CLARIFICATION IN RESPECT OF ADVERTISING SERVICES PROVIDED TO FOREIGN CLIENTS-REG

### *Applicability:*

*Applicable to all Indian advertising companies/agencies providing services to foreign clients, foreign entities receiving these services, and media owners in India supplying media space*

### **Clarification on Intermediary Status**

Indian advertising companies providing a comprehensive service to foreign clients are not considered intermediaries under Section 2(13) of the IGST Act if they provide services on their own account, such as procuring media space and designing ads.

In contrast, if an advertising company merely facilitates the transaction between the foreign client and the media owner without providing services on its own account, it is classified as an intermediary, and different GST rules apply.

### **Place of Supply for Advertising Services**

When Indian advertising companies provide services to foreign clients, the place of supply is determined by the location of the recipient (i.e., the foreign client).

If the foreign client is outside India, the services are treated as exports, and Indian advertising companies can claim export benefits, provided they meet the conditions under Section 2(6) of the IGST Act.

### **Recipient of Services**

The recipient of advertising services is the foreign client paying for the services, not the target audience in India or any representative of the foreign client in India.

The invoice must be issued to the foreign client, and payments must be received in foreign exchange.

### **Performance-Based Services Exclusion**

Advertising services do not qualify as performance-based services under Section 13(3) of the IGST Act. Hence, the place of supply cannot be based on the location of performance or physical presence in India.



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### Special Case for Acting as an Intermediary

When an Indian advertising company acts as an intermediary by facilitating the provision of media space but not providing the service itself, the place of supply is determined by the location of the supplier, i.e., the Indian advertising company, under Section 13(8)(b) of the IGST Act.

### Export of Services Conditions

To qualify as an export of services, the advertising services must meet the conditions under Section 2(6) of the IGST Act, including the service provider being located in India, the recipient located outside India, and payment being received in foreign exchange.

**SOURCE:** [Click Here for more details](#)



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