

73.	In the case of group insurance policies, a Master Policy is issued; the beneficiaries of the Master Policy may be located in more than one State. In such cases, what will be the place of supply of services?	In the case of issuance of Master / Group Policy to a registered person where the premium charged is a single premium and not segregated based on the beneficiaries of the insurance policies, the place of supply for such policy will be the location of the registered person paying the premium.
74.	What is the time of supply of services for deposits and advances in cases of the recipient issuing a bank guarantee or making a deposit before assumption of risk and issuance of a policy?	As per the proviso to Section 2(31) of the CGST Act, 2017, a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply. In case of advances, however, the time of supply is the time of receipt of advance as provided in section 13(2)(a) of the CGST Act, 2017.
75.	Whether ITC will be allowed on motor garage services used by insurance company for claim settlement?	Yes, ITC will be allowed on services of motor garage used by an insurance company for claim settlement.
76.	Whether the service provided by the re-insurance company to an insurer will be treated as a supply?	The service of re-insurance falls within the scope of supply, and is chargeable to GST.

STOCK BROKING SERVICES

Sr. No.	Question	Answer
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77.	In the case of stock broking, whether stamp duty or securities transaction tax or other Central or State taxes would be considered as a part of the value of supply as prescribed under Section 15 of the CGST Act, 2017, for levy of GST?	GST is not payable by the stock brokers on these recoveries as long as the conditions of pure agent as provided in Rule 33 of the CGST Rules, 2017 are met. If not, then valuation will be done as per section 15 of the CGST Act, 2017 read with Rule 27 of CGST Rules, 2017.
78.	Is brokerage earned in stock broking service liable to Goods and Services Tax?	Yes. Since the stock brokers are engaged in the business of supplying the stock broking service, appropriate GST is payable on the same.
79.	Can a person take voluntary registration under the Act?	Section 25(3) of the CGST Act, 2017 states that “a person, though not liable to be registered under section 22 or section 24 of the CGST Act, 2017 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered person, shall apply to such person.” Therefore, any person may choose to get voluntary registration under the Act.
80.	Is GST leviable on interest/ delayed payment charges charged to clients for debit for settlement obligations/ margin trading facility?	Any interest/ delayed payment charges charged for delay in payment of brokerage amount/settlement obligations/margin trading facility shall be leviable to GST.
81.	What will be the “place of supply of services” in case of stock brokers?	In case of stock broking, the details of the address of the client are required to be updated with the Stock Exchange as part of the “Unique Client Code” details. Therefore, in case of domestic supplies of such services, address on record with the stock brokers shall be the “location of the recipient of services” in terms of section 12(12) of the IGST Act, 2017. However, in cases where the the location of the recipient is outside India, the place of supply shall be determined as per section 13(8) of the IGST Act, 2017 i.e. as an intermediary.

82.	Do stock brokers fall in the definition of “intermediary” under section 2(13) of the IGST Act, 2017?	Yes. Since stock brokers arrange the supply of securities between two or more persons, stock brokers would be covered by the definition of “intermediary”
83.	Would sub-brokers/ Authorized Persons fall in the definition of “agent” under Section 2(5) of the CGST Act, 2017? What would be the registration requirement for sub-brokers/ Authorized Persons in the context of the Goods and Services Tax Regime?	As per Stock Brokers and Sub Brokers Regulation, 1992 issued by SEBI, a “sub-broker” means “any person, not being a member of stock exchange, who acts on behalf of a stock broker as an agent or otherwise for assisting the investors in buying, selling or dealing in securities through such stock brokers”. It is, therefore, apparent that the sub broker may not only be providing services to the stock broker but may also be providing services to the clients and receiving consideration from both. Thus, in such a scenario where the sub broker is providing services both to the broker and the investor on behalf of the broker, he would be duly covered by the definition of “agent” as provided in Section 2(5) of the CGST Act, and needs to compulsorily register without the threshold under Section 24(vii) of the CGST Act, 2017. In case the sub-brokers do not provide any service to the clients on behalf of stock broker (for example referral commission only), then the said sub-brokers would not fall in the definition of “agent” under the CGST Act, 2017.
84.	What is the “place of business” for a stock broker?	Section 2(85) of the CGST Act, 2017 defines “place of business” to include: (i) a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both; or (ii) a place where a taxable person maintains his books of account; or (iii) a place where a taxable person is engaged in business through an agent, by whatever name called. In case of operations of a stock broker, it is required by law that all transactions would be via screen based trading on the Stock Exchanges. Therefore, the

		<p>following would be the “place of business” in case of stock brokers:</p> <p>(i) All the branches of the stock broker where the Stock Exchange Trading terminals are located and where trade is carried out on behalf of clients;</p> <p>(ii) Main office/ Head office/ Registered Office/ Branch office where back office operations are carried out including issuing of bills/ contracts/ tax invoices/ account statements to the clients.</p> <p>In case of sub-brokers’ / Authorised Person office, where the premises are neither owned by the stock broker nor rented/ leased in favour of the stock broker and there are no employees on the payroll of the stock broker in such an office, then such premises shall not be considered a place of business of the stock broker.</p>
85.	<p>Stock Brokers deal with clients who are not residents of India like Foreign Portfolio Investors, Non Resident Indians, Persons of Indian Origin, etc. Will brokerage earned from such clients who are not resident in India qualify as “export of service” under section 2(6) of the IGST Act, 2017?</p>	<p>The stock broker being an intermediary, this situation shall be covered under the provisions of section 13(8)(b) of the IGST Act, 2017 which provides that the place of supply shall be the location of the supplier of services. Thus such a supply will be treated as an intra-State supply and would be subject to Central tax and State tax / Union territory tax, as the case may be.</p>
86.	<p>What will be the effect if we have paid</p> <p>(i) Integrated tax instead of Central tax and State tax / Union territory tax?</p> <p>(ii) Central tax and State tax / Union</p>	<p>Under section 19(1) of the IGST Act, 2017 “a registered person who has paid integrated tax on a supply considered by him to be an inter-State supply, but which is subsequently held to be an intra-State supply, shall be granted refund of the amount of integrated tax so paid in such manner and subject to such conditions as may be prescribed”.</p> <p>Under section 19(2) of the IGST Act, 2017 “a registered person who has paid</p>

	territory tax instead of Integrated tax?	<p>Central tax and State tax or Union territory tax, as the case may be, on a transaction considered by him to be an intra-State supply, but which is subsequently held to be an inter-State supply, shall not be required to pay any interest on the amount of integrated tax payable”.</p> <p>Therefore, in case a registered person has paid Integrated tax instead of Central tax and State tax or Union territory tax, then he shall be granted refund of the amount paid as Integrated tax and he will have to pay Central tax and State tax or Union territory tax. Further, no interest will be payable on the Central tax and State tax or Union territory tax so paid. Further, in case a registered person has paid Central tax and State tax or Union territory tax instead of Integrated tax, then he shall be granted refund of the amount paid as Central tax and State tax or Union territory tax and he will have to pay Integrated tax. However, no interest shall be payable on the Integrated tax amount so paid.</p>
87.	In the course of stock broking, funds are received from the clients as margin money for trade. Would the same be treated as consideration?	<p>In the context of stock broking, funds/ securities are provided by the clients to the stock brokers in advance of the potential orders/ trades that would lead to margin/ settlement obligations. All such advances will fall in the category of deposit under the proviso to section 2(31) of the CGST Act, 2017 and thus will not be considered as payment made for such supply unless the stock broker applies such deposit as consideration for the said supply in his books of accounts.</p>
88.	Can the stock broker continue to issue bills and contracts under the normal Stock Exchange mechanism and issue a monthly tax invoice for the purpose of Goods and Services Tax?	<p>The stock broker can issue bills and contracts under the normal Stock Exchange mechanism mentioning the GST amount but will have to issue a tax invoice as envisaged under Section 31(2) of the CGST Act, 2017 read with Rule 47 of the CGST Rules, 2017.</p>

<p>89.</p>	<p>What is considered as ‘securities’ under the Goods and Services Tax Act? Are they taxable under GST?</p>	<p>Section 2(101) of the CGST Act, 2017 defines “securities” to have the same meaning as assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956.</p> <p>Section 2(52) of the CGST Act, 2017 defines “goods” to mean every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply. Thus, securities are not goods under the CGST Act, 2017.</p> <p>Section 2(102) of the CGST Act, 2017 defines “services” to mean anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged. Thus, securities are not services under the CGST Act, 2017.</p> <p>Since securities neither fall in the definition of goods nor in the definition of services, they fall in the definition of “non-taxable supply” under section 2(78) of the CGST Act, 2017.</p>
<p>90.</p>	<p>Stock brokers provide many other services like Depository Participant Services / Portfolio Management Services, etc. Do they require registration as separate Business Verticals?</p>	<p>Section 2(18) of the CGST Act, 2017 defines “business vertical” to mean “a distinguishable component of an enterprise that is engaged in the supply of individual goods or services or a group of related goods or services which is subject to risks and returns that are different from those of the other business verticals.</p> <p><i>Explanation.</i>—For the purposes of this clause, factors that should be considered in determining whether goods or services are related include—</p> <ul style="list-style-type: none"> (i) the nature of the goods or services; (ii) the nature of the production processes;

		<p>(iii) the type or class of customers for the goods or services;</p> <p>(iv) the methods used to distribute the goods or supply of services; and</p> <p>(v) the nature of regulatory environment (wherever applicable), including banking, insurance, or public utilities”.</p> <p>It is the choice of the taxable person to build all the services provided in one vertical or separate verticals based on their business models and requirements. They may choose to obtain separate registration as a business vertical in terms of the proviso to section 25(2) of the CGST Act, 2017.</p>
91.	Whether GST will be levied on the exit-load on mutual funds?	Exit load in the form of a fee (whether or not as a fixed percentage of the investment) is liable to GST. Even if the exit load is in the form of units in the fund, it may be concluded that the consideration received in money was later converted to NAV units.

Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also. Further reference to CGST Rules, 2017 includes reference to SGST Rules, 2017 / UTGST Rules, 2017 also.