

AUTHORITY FOR ADVANCE RULING, TAMILNADU
INTEGRATED COMMERCIAL TAXES OFFICE COMPLEX, DOOR NO.32,
5TH FLOOR, ROOM NO. 503, ELEPHANT GATE BRIDGE ROAD,
CHENNAI – 600 003.

ADVANCE RULING U/s.98 OF THE GOODS AND SERVICES TAX ACT 2017.

Members present are:

1. Ms. Manasa Gangotri Kata, IRS, Additional Commissioner/Member,
Office of the Commissioner of GST & Central Excise, Chennai.
And
2. Thiru KurinjiSelvaan V.S., M.Sc., (Agri.), M.B.A
Joint Commissioner (ST)/Member
Office of the Authority for Advance Ruling, TamilNadu, Chennai-600003.

ORDER No. 23/ARA/2020 Dated: 04.05.2020

GSTIN Number, if any / User id		33AAGFI3243M1ZD
Legal Name of Applicant		M/s ICU MEDICAL INDIA LLP
Registered Address / Address provided while obtaining user id		129-140 Prestige palladium Bayan, 1 st and 7 th floor, Greams Road, Nungambakkam, Chennai-600006
Details of Application		GST ARA – 001 Application SI.No. 41 dated 17.10.2019
Concerned Officer		State: Assistant Commissioner(ST), Nungambakkam Assessment Circle Centre : Chennai-North Division: Nungambakkam
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for		
A	Category	Service Recipient
B	Description (in brief)	The applicant is engaged in the business of software development for the infusion system manufactured by its Ultimate Holding company ICU Medical Inc.,
Issue/s on which advance ruling required		Determination of liability to pay tax on the services as recipient
Question(s) on which advance ruling is required		1. Whether GST is leviable on the reimbursement of expenses from the Subsidiary Company to its Ultimate Holding company located in a foreign territory outside India. 2. In case GST is leviable what is the rate of GST applicable to the said reimbursement of

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

At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax 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 Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.

M/s. ICU Medical LLP, 129-140 Prestige palladium Bayan, 1st and 7th floor, Greams Road, Nungambakkam, Chennai-600006 (hereinafter referred as the applicant) is registered under the GST Act 2017 vide GSTIN No. 33AAGFI3243M1ZD. The Applicant has sought Advance Ruling on the following questions:

1. Whether GST is leviable on the reimbursement of expenses from the Subsidiary Company to its Ultimate Holding company located in a foreign territory outside India.
2. In case GST is leviable what is the rate of GST applicable to the said reimbursement of expenses?

The applicant submitted a copy of challan evidencing payment of application fees of Rs. 5,000/- each under sub-rule (1) of Rule 104 of CGST rules 2017 and SGST Rules 2017.

2.1 The applicant has stated that they are engaged in the business of software development for the infusion system manufactured by its Ultimate Holding company ICU Medical Inc., hereinafter referred as ICU Inc., having its place of business in USA.; ICU Inc., is one of the world's leading pure-play infusion therapy companies with global operations and a wide ranging product portfolio that includes IV solutions, IV smart pumps, dedicated and non-dedicated IV sets and needle free connectors along with pain management and safety software technology

designed to help meet clinical, safety and work flow goals.; In addition they are engaged in the manufacture of automated pharmacy IV compounding systems with workflow technology, closed systems transfer devices for hazardous IV drugs and cardiac monitoring systems to optimize patient fluid levels. ICU Inc., has entered into an agreement with Wells Fargo Bank, located in USA to provide Credit Card to the employees of ICU Inc. and its subsidiaries located globally. The card is provided to the employees based on their need to travel on business. These cards are not an entitlement nor reflective of title or position. The applicant's employees are also provided with such credit card issued by Wells Fargo Bank. They do not have any agreement with the bank regarding the issue of credit cards. Their employees use this card for incurring expenses towards tickets, food and accommodation during their travel and at certain times these cards are also used in India for the purpose of official's travel, food and accommodation during such travel and for paying admin related expenses in India.

2.2 The applicant has stated that the ICU Inc., downloads and shares the monthly statement with respective entity including the applicant, for them to book the said expenses in their books. These expenses are booked as an intercompany transaction, debiting the corresponding expenses and crediting the inter-company payable. ICU Inc. settles the monthly credit card liability with Wells Fargo Bank for all locations globally. An invoice is raised by ICU Inc., on the applicant for the credit card liability settled by it with the bank. The applicant settles the credit card liability paid by ICU Inc., to the bank in the form of reimbursement of expenses at actual. There is no agreement per se between ICU Inc., and the applicant towards such arrangement of settlement of credit card liability paid by ICU Inc., by way of reimbursement.

2.3 The applicant on the interpretation of Law has referred to Section 7(1), 2(93), 2(102), 2(105), 9,15 & Schedule I of the CGST Act 2017 and dictionary meaning of reimbursement. The applicant has stated that reimbursement of actual expenses does not have an element of income embedded in it and it is mere recovery of expenditure incurred at a common place and is merely a matter of logistic convenience. Hence, it cannot be regarded as a transaction at all. They have also stated that mere reimbursement of expenses does not come within the meaning of remuneration as per Section 2(78) of Companies Act 2013, as it is mere reimbursement of the actual expenses by the seconder. They have referred to the

case laws of M/s Kalyani Steels Ltd, Bellary vs Department of Income Tax and Bovis Lend Lease(I) Pvt Ltd vs ITO, wherein ruling has been given on the dividing line between reimbursement and remuneration and essential parameters for considering a payment as reimbursement. The applicant has stated that there shall amount a supply of "Services" only if the conditions as specified under Section 2(93) of CGST Act 2017, relating to consideration are satisfied. In other words, there shall be no supply in the absence of response or inducement of supply of goods or services. Hence, they have interpreted that consideration agreed upon as recompense for a particular service is taxable, any other receipt has to be evidenced as an additional consideration for a service for the said service to be subject to tax. Also they have stated that absence of consideration is not same as unascertainable consideration and the Rules cannot be invoked in their case. In view of the above facts, the applicant has interpreted that except in circumstances of allegation, supported by evidence of non-monetary consideration being received for inclusion of money value such consideration, addition of any amount to the contracted price does not have the authority of law. They have referred/relied on the ratio of the decision in the following case laws to substantiate their contention:

- ITC Limited- Agra Business Division Vs Commissioner Customs, Central Excise & Service Tax- 2019-TIOL-377-CESTAT-MUM-Dt.08.01.2019
- INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS PVT LTD vs Union of India & ANR
- M/s KIRAN GEMS PVT LTD vs COMMISSIONER OF CENTRAL EXCISE AND SERVICE TAX SURAT – I
- M/s ROLEX LOGISTICS PVT LTD vs COMMISSIONER OF SERVICE TAX, BANGALORE-2008 TIOL-1077-CESTAT-Bang
- SERCON INDIA PVT LTD THROUGH MOHAN GOEL vs COMMISSIONER (ADJUDICATION) SERVICE TAX 2013-TIOL-223-HC-DEL-ST
- INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS PVT LTD vs Union of India 2013(29) S.T.R.9(Del.)
- GENO PHARMACEUTICALS LTD vs COMMISSIONER OF CENTRAL EXCISE, GOA

The applicant has summarized that there is no contractual agreement between ICU and ICU Inc towards rendering of any service by ICU Inc to ICU and is only an internal policy, that ICU Inc., settles the monthly credit card liability with Wells Fargo Bank for all locations globally.; that there is no consideration flowing from ICU to ICU inc. in response or due to inducement of any supply of service from ICU Inc., to them,; that the transaction between ICU inc., and them does not satisfy the conditions as related to definition of “supply, service & Recipient” as stipulated under CGST Act 2017 and the conditions as stipulated under Section 15 of CGST Act 2017 do not apply to the issue in question as it applies only to non-related parties, also as there is no flow of supply of services in the issue in question, provisions of clause(2) of Schedule I of CGST Act, 2017 would also not get attracted in the instant case. Hence, the applicant has viewed that in the absence of a provision in Section 15 of the CGST Act 2017 or in the definition of “consideration” under Section 2(31) of CGST Act 2017, reimbursements cannot be included in the value of supplies, for levy of tax under CGST law.

2.4 The applicant has stated that as per section 2(13) of IGST Act 2017 the service provider can be termed as intermediary and as per Section 13(8)(b) the place of supply in case of “intermediary services” shall be the place of the location of service provider. The applicant has submitted that it is observed from the agreement between ICU inc., and Wells Fargo Bank USA as well as cardholder user agreement, it is an arrangement made by ICU Inc., to provide credit card facilities to employees of its group entities globally and as per the user agreement the cardholder is being entrusted with an ICU Medical Inc., travel and expense credit card, issued by Wells Fargo Bank, the card is provided to them based on the need to travel for ICU Medical, Inc. In view of the above submissions, the applicant has stated that it is ICU Inc., which only facilitates the provision of service by Wells Fargo Bank, USA to its group employees globally. Thus, the service provided by ICU Inc., is in the nature of an “intermediary” in line with definition stipulated under Section 2(13) of IGST, Act 2017. They have stated that reimbursement made by them to their Ultimate Holding company would not constitute a supply it is only a facilitation. Hence, as per Section 13(8)(b) of IGST Act the applicant has interpreted that the services provided by ICU Inc., is an intermediary service and the place of supply being outside the territorial limits of India and it would not attract GST to be paid on reverse charge basis by the recipient of service. They have also stated that Section 2(11) of IGST Act 2017 implies that to constitute an “import of service”

the place of supply of service shall be in India, whereas in the instant case the place of supply is outside India. They have referred to the following case laws to substantiate their submissions:

- IN RE: VSERVGLOBAL PVT. LTD 2019(26) G.S.T. L127(App AAR-GST)
- Re-Asahi Kasei India Pvt Ltd., -2019(021) GST 0243 AAR
- IN Re: NES GLOBAL SPECIALIST ENGINEERING SERVICES PVT LTD 2019(22) G.S.T.L 542 (A.A.R-GST)

The applicant has referred to various provisions of Section 13 of IGST Act 2017. They have stated that as per the card holder agreement the usage of card is for overseas and domestic use. In the event of card being used for official overseas travel, the place of supply will be outside India, which in turn would prohibit the levy of GST on such services rendered by the service provider, which is in line with definition of “place of supply” as per section 13(1) of IGST ACT 2017 and services specified in sub-sections 3 to 13. In case the card is used for official purpose within India then the bills raised on the employees for admin, travel, accommodation and food are inclusive of GST and it would form part of credit card settlements which are paid by ICU Inc., and which are reimbursed by applicant. Since, these amounts to a consideration for services offered by employee to employer in course of his employment it does not attract GST as per Schedule III of CGST Act 2017. The applicant has stated that in the event of application of GST on reverse charge basis on them towards domestic use of credit card would amount to double taxation as already GST has been paid on expenses for travel, accommodation, food. In this account, the applicant has referred to the following case laws:

- Intercontinental Consultants and Technocrats Pvt Ltd vs Union of India & ANR
- Jain Brothers Vs Union of India -2002-TIOL-1449-SC-IT-CB

Hence, in view of all the aforesaid submissions the applicant has interpreted that their services are not related to “import of service” under section 2(11) of IGST Act 2017 and there would be no supply of service under Section 7 of CGST Act 2017, however there would be a supply without consideration as per Schedule I of CGST Act 2017. They have also stated that there would be applicability of GST on late payment charges/interest involved in credit card services and they have referred to Sl.No.27 Notification No.12/2017 CT(R) dated 28.06.2017, wherein services by way of(a) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) is exempted.

3.1 The applicant was extended an opportunity to be heard in person on 07.11.2019. The authorized representative appeared before the authority and submitted copy of invoices of an employee who is using the US company based credit card. They stated that only certain employees are given this card for travel expenses within India and abroad. They submitted that the employee is made to sign a card holder agreement which is given to Ultimate Holding company. They submitted a copy of the same. They stated that monthly bill given by the Ultimate Holding company gives all the details of employees which is verified by the applicant and any ineligible over dues are recovered from the employees and paid to the Ultimate Holding company. They stated that they will submit copy of agreement between Wells Fargo and Ultimate Holding company, P & L account/Balance sheet where these reimbursements are shown as travel expenses, forex remittances for the Billed amount, travel policy documents, documents given to employee along with the card, copy of picture of card within two weeks.

3.2 As undertook in the personal hearing the applicant filed the following documents vide their letter dated 15.11.2019.

- Photocopy of the Credit Card
- Terms and Conditions of the Card/Travel Policy of the Company
- Copy of invoice raised by ICU Medicals Inc., for the period June & July 2019
- Bank statement for the period August & September 2019 indicating the remittance salary payment to its employees by ICU Medical India LLP
- Financial Statement for the year ended 31st March 2019
- A sample statement of break-up of expenses absorbed by ICU Medical India LLP under various heads of expenses as it relates to the reimbursement made to ICU Medical Inc.
- Certificate of Incorporation of the Company including Form 15 for change of place of registered office
- Copy of the original agreement between Wells Fargo & ICU Medical Inc.

In the submissions, they had stated that no cash withdrawals are allowed to the employees from the said credit card. With regard to the submission of forex remittance statement, they stated that they had kept the payments to their Ultimate Holding company in abeyance, pending advance ruling; that they had initiated the process of making the payment through their bankers; that the Senior Manager (Finance) would not be available from 4th week of November 2019 till

beginning of December 2019, hence there would be delay in making payment to the Ultimate Holding company and would result in delay in submission of Forex remittance details of billed amount. The applicant vide their letter dated 19.12.2019 submitted copy of Forex Remittances Statement.

4. The state jurisdictional officer vide their letter dated 08.11.2019 submitted that the said transaction cannot be considered as a pure agent or intermediary or reimbursement of expenses as agreements are entered between the Banks and ICU Inc. and not ICU India. Hence, GST is leviable on the reimbursement of expenses from the subsidiary company to its Ultimate Holding Company located in a foreign territory. They have further opined that the given transaction is a related party transaction the value of taxable supply will be determined by rule 28 to 31 of CGST Rules, 2017 and taxed @18%.

5. The applicant is under the administrative jurisdiction of Central Tax and the said authority vide their letter dated 31.01.2020 offered their comments as under:

- As per Section 2(11) of IGST Act 2017, import of services means the supply of services, where
 - i. the supplier of service is located outside India
 - ii. the recipient of services is located in India; and
 - iii. the place of supply of services is in India
- As per Section 7(1)(b) of CGST Act 2017, the expression supply includes import of services for a consideration whether or not in the course or furtherance of business.
- As per clause 4 of Schedule I of CGST Act 2017, import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business is treated as supply even if made without consideration.
- Hence, as per the above provisions it is viewed that the expenses paid from subsidiary company to its ultimate company located in a foreign territory outside India qualifies as import of services as per Section 2(11) of IGST Act 2017 and the said import of services is taxable under Section 7(1)(b) read with Schedule I of CGST Act 2017 and the rate of GST applicable is 18%.

6.1 We have carefully considered the submissions made by the applicant in the advance ruling application, the additional submissions made and the comments

furnished by the Jurisdictional Officers. We find that the applicant is engaged in the business of software Development for the infusion system manufactured by its Ultimate Holding Company, ICU Medical Inc. The Ultimate Holding company has entered into a contract with Wells Fargo Bank through which certain employees of the applicant are extended with the credit card issued by the said bank. The card is to be used by the employees for the travel requirements on business needs. The Ultimate Holding Company settles the payable with the bank and in turn raises invoice on the applicant and collect the charges used by the employees of the applicant. In this situation, the applicant has filed the application seeking ruling on

1. Whether GST is leviable on the reimbursement of expenses from the Subsidiary Company to its Ultimate Holding company located in a foreign territory outside India.
2. In case GST is leviable what is the rate of GST applicable to the said reimbursement of expenses?

6.2 The applicant claims that the settlement of expenses is a reimbursement of expenses incurred in actual which may not constitute supply from ICU Medical Inc. and that reimbursements cannot be regarded as a transaction at all. The applicant has stated that the definition of service includes within its ambit 'anything other than goods' and by virtue of a deeming fiction, the Act clarifies that 'if a supplier agrees to an obligation to engage in an act, such activity will be construed as a service and contended that reimbursements can be subjected to tax, only if it is established that these are made towards provision of goods or service and that there shall be no supply in the absence of "response or inducement of supply of goods or services". The applicant has further contended that ICU Medical Inc facilitates the provision of service of Wells Fargo bank and is an 'intermediary' as defined under the GST Act and therefore the reimbursements paid to ICU Medical Inc is not chargeable to GST as the 'Place of Supply' is outside India. The applicant has further contended that the place of supply when the card is used 'overseas' is outside India and when used 'Domestic', the same will be the service offered by the employee to the employer and hence exempted.

6.3 In the case at hand, M/s. ICU Medicals Inc., the Ultimate Holding Company of the applicant (referred to as the 'Customer' in agreement), has entered into 'Wellson Commercial Card Agreement' with Wells Fargo Bank effective from April

21 2008. By this agreement Wells Fargo, issues the 'Wellson Commercial Card' (referred to as the 'Card' in agreement) for use by ICU Medicals Inc., its designated employees, subsidiaries, affiliates etc. (referred to as the 'Cardholders' in agreement). ICU Medicals Inc., being the 'Customer', will pay Wells Fargo the cost of all purchases made with the card and any other expenses as billed by Wells Fargo to ICU Medicals Inc. As per the agreement all the financial and legal obligations linked to the cards are upon the Customer, ICU Medicals Inc., and not the card holders.

From the photocopy of the card furnished by the applicant, it is seen that the card shows the name of the person to whom it is issued and the marking 'icu medical-human connections'.

The applicant has furnished the 'Travel & Expense Policy- Non-U.S. Based employees', effective June 12, 2018 issued by ICU Medicals Inc. As per the document, it provides guidelines and establishes procedures for employee travel and other business-related expenses incurred on behalf of ICU Medicals Inc. In the said policy, on the issue of cards the following are stated:

Employees will be issued a Corporate Credit Card. These cards are provided to employees based on their need to travel or make purchases for the Company. It is not an entitlement nor reflective of title or position.

These cards must only be used for business purposes and should only be used by the employee who was issued the card. Using the card for personal charges could be considered misappropriation of company funds and can result in correct action, up to and including termination. The cards are considered Company (ICU Medicals Inc.,) property and may be revoked at any time.

The cards are issued jointly to ICU Medical and the employee. The employee is responsible for charges made to the account (but not for the payment). ICU Medical pays for charges on the Corporate Credit cards directly.

From the above terms, it is evident that the cards are issued employee specific to meet the business related expenses and while the employee is responsible for the charges he makes using the card i.e., admissible charges as per the policy and to adherence of the related procedures of substantiating such charges as incurred during the course of business, the liability to settle the payment of such charges is with ICU Medicals Inc. The commercial Invoice raised by ICU Medicals Inc. on the applicant mentions the applicant as the 'Service Recipient' with the description 'Credit card expenses' with GSTN of the applicant mentioned on it. As per the invoice the billing currency is USD but payment currency is INR with amounts in USD and INR mentioned on the invoice.

From the Balance sheet as at March 31 2019 of the applicant, it is seen that ICU Medical Inc. is the Ultimate Holding company of the applicant. It is also seen that the card payments made to the Ultimate Holding company are accounted as Travel and conveyance, Miscellaneous expenses under Administration and Other expenses. Also, the Statement of Credit Card Transaction for September 2019 shows the expenses under GL Descriptions- 'Entertainment & Meal', Office Supplies, Vehicle/Transportation, Utilities-gas, electricity, Airline Expenses, etc. These are shown as expenses against ICU Medicals Inc.

7.1 Having seen the factual position, the relevant statutory provisions are examined as under.

Supply is defined under Section 7 of the CGST Act 2017 and the same is reproduced below for reference:

- 7. (1) For the purposes of this Act, the expression "supply" includes—*
- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;*
 - (b) import of services for a consideration whether or not in the course or furtherance of business; and*
 - (c) the activities specified in Schedule I, made or agreed to be made without a consideration;*
- (1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II;*

Section 2(102) of CGST/TNGST Act states:

"Services" means 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;

Section 2(31) of the CGST/TNGST Act states:

(31) "consideration" in relation to the supply of goods or services or both includes— (a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government.....

Section 2(84) of the CGST/TNGST Act states:

"person" includes— (a) an individual; (b) a Hindu Undivided Family; (c) a company; (d) a firm; (e) a Limited Liability Partnership; (f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India; (g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013; (h) anybody corporate incorporated by or under the laws of a country outside India;.....

In the instant case, ICU Medical Inc. has entered into an agreement with Wells Fargo for using credit card facilities by the employees of the group companies, affiliates etc. for business related expenses such as travel, accommodation etc. The billing of these transactions are made by Wells Fargo to ICU Medical Inc. However, there is another separate transaction here. This transaction involves ICU Medical Inc. and the applicant. ICU Medical Inc. sends the details of the business related expenses made by the employees of the applicant, as received from Wells Fargo. The employees are issued the credit cards under the logo of ICU Medicals and Wells Fargo. For the privilege of using these cards, the applicant has to pay ICU Medical Inc. all the relevant expenses and charges made by its employees. This is made against the invoice raised by ICU Medical Inc. It is evident that this is a separate transaction between the applicant and ICU Medical Inc. for the services of providing the credit cards to the employees of the applicant which are to be used only for business related activities. For this, a payment is made by the applicant to ICU Medical Inc. in response to the services of providing the cards. Therefore, this transaction falls within the definition of services and is for a consideration as defined in Section 2(7) and Section 2(31) of the Act. This transaction is also in the course or furtherance of business as is seen in the 'Travel & Expense Policy- Non-U.S. Based employees' issued by ICU Medicals Inc. that the card should be used

only for business related expenses and not personal expenses of the card holders. Further, as per Section 2(84) (h) a “person” includes *any body corporate incorporated by or under the laws of a country outside India*, which is ICU Medical Inc. in this case. Therefore, the transaction in question is a ‘Supply’ as per Section 7 of the Act.

The applicant has contended that ICU Medical Inc. is an ‘Intermediary’ as per Section 2(13) of IGST Act between Wells Fargo and the applicant. However, as per the definition, an ‘Intermediary’ does not include anyone supplying goods or services on his own account. In the instant case, ICU Medical Inc. has an agreement with Wells Fargo, billing by Wells Fargo is done to ICU Medical Inc., payment to Wells Fargo is also done by ICU Medical Inc. The applicant does not come into the picture for any transactions with Wells Fargo. It is also seen from the agreement between Wells Fargo and ICU Medical Inc. that ICU Medical Inc. is the entity with all the financial and legal obligations. Further, ICU Medical Inc. has a ‘Travel & Expense Policy- Non-U.S. Based employees’ to be followed for the usage of the applicant’s employees. As per this, the cards are the property of ICU Medical Inc. and can be revoked at any time. From this it is evident that ICU Medical Inc. is making the supply of the credit cards to the applicant, for use of its employees, on its own account and not as an ‘Intermediary’.

7.3 From the above, it is evident that ICU Medicals Inc., is supplying credit services to the applicant for specific use of its cardholders/employees for travel, accommodation, meals etc. while on travel for business use alone. which fall under the definition of ‘Supply’ under GST. In the case at hand, the service imported by the applicant is one of extension of credit for furtherance of business. On perusal of the Classification of Service, it is seen that the said service is appropriately classifiable under SAC 997113, which is given below:

997113 Credit-granting services including stand-by commitment, guarantees & securities

This service code includes:

- issuing and physical management of loans. These services may be provided by a number of different types of lenders, including, for example, banks and insurance companies.
- granting of loans for which the land or buildings are used as security
- home equity loans
- granting of personal non-mortgage installment loans with scheduled repayment plans
- line-of-credit loan services, that is, loan services based on a commitment to lend funds to a borrower up to a specified amount
- consumer loan services, that is, loan services extended for financing consumer purchases of goods or services where the purchased good is generally used as collateral
- granting credit when the holder of a credit card uses it to buy a good or a service, regardless of whether the balance is paid in full at the end of the grace period
- granting loans to investment dealers and brokers, regulated financial institutions, federal, regional and local governments or non-profit institutions, foreign governments, and other businesses
- standby, commitment and other loan services including overdraft services
- providing letters of credit
- acceptance services, that is, agreements by a bank or other financial institution to pay a draft or a credit instrument issued by an institution
- sales financing services
- other credit-granting services n.e.c.

7.4. From the above, it is evident that ICU Medicals Inc., the Ultimate Holding Company, is supplying credit-granting services to the applicant where the holder of credit-card uses it to buy specified services/goods which fall under the definition of 'Supply' under GST. Further, Notification 10/2017- Integrated Tax (Rate) dated 28/06/2017 notifies categories of supply of services, supplied by a person, where IGST, shall be paid on reverse charge basis by the recipient of the such services, which is given below for reference:

Sl.No	Category of Supply of services	Supplier of service	Recipient of Service
1	Any service supplied by any person who is located in a non-taxable territory to any person other than non-taxable online recipient.	Any person located in a non-taxable territory	Any person located in the taxable territory other than non-taxable online recipient.

7.5 Having decided that there is 'Supply' and the applicant is liable to pay IGST under Reverse Charge, the applicable rate of IGST is 18% as per Sl.No.15 of Notification 08/2017- Integrated Tax Rate dated 28.06.2017.

Sl.No	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
15	Heading 9971 (Financial and related services)	(v) Financial and related services other than (i), (ii), (iii) and (iv) above.	18	-

8. In view of the foregoing, we rule as under:

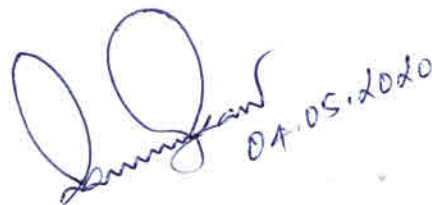
RULING

1. The applicant is liable to pay IGST on the 'Wellson Commercial Card' expenses paid by the applicant to its Ultimate Holding company, ICU Medicals Inc. having its place of business in USA. under Reverse Charge basis as per Sl. No 1 Notification 10/2017- Integrated Tax (Rate) dated 28.06.2017.

2. The rate of tax is 18% as per Sl.No.15 of Notification 8/2017 -Integrated Tax (Rate) dated 28.06.2018

 4/5/20

Ms. Manasa Gangotri Kata,
Member, CGST

 04.05.2020

Shri Kurinji Selvaan V.S.,
Member, TNGST

To

M/s ICU MEDICAL INDIA LLP
129-140 Prestige palladium Bayan,
1st and 7th floor, Greams Road,
Nungambakkam, Chennai-600006



// BY SPEED POST WITH ACK.DUE //

Copy Submitted to:

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2. The Additional Chief Secretary/Commissioner of Commercial Taxes,
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3. The Commissioner of GST & C.Ex., 26/1, Mahatma Gandhi road,
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