

**AUTHORITY FOR ADVANCE RULING  
TAMILNADU ADVANCE RULING AUTHORITY**

PAPJM Buildings, II Floor, No.1, Greams Road, Chennai-6

**PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF THE  
GOODS AND SERVICES TAX ACT, 2017.**

**Members present are:**

1. Ms. Manasa Gangotri Kata, I.R.S., Joint Commissioner/Member,  
Office of the Commissioner of GST & Central Excise, Chennai
2. Thiru Kurinji Selvaan V.S., M.Sc., (Agri.), M.B.A.,  
Joint Commissioner (CT) / Member,  
Office of the Authority for Advance Ruling, Tamil Nadu, Chennai-6.

**ORDER No.38/ARA/2019 Dated 27.08.2019**

GSTIN Number, if any / User id	33AAACH8417K1ZK	
Legal Name of Applicant	M/s. Haworth India Private Limited	
Trade Name of the Applicant	M/s. Haworth India Private Limited	
Registered Address / Address provided while obtaining user id	Survey No: 260, Vayalur Road, Kiloy Village, Sriperumbudur (Taluk), Kancheepuram (District) Tamil Nadu – 602 105.	
Details of Application	Form GST ARA – 001 Application SI.No.17/2019 Dated 15.05.2019	
Concerned Officer	State: The Assistant Commissioner(ST), Sriperumbudur Assessment Circle,  Centre: Chennai Outer Commissionerate Division: Sriperumpadur .	
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for		
A	Category	Provision of Service
B	Description (in brief)	Haworth India Private Limited is engaged in manufacturing of office furniture and offering sales and support services to Haworth Group companies worldwide.

Issue/s on which advance ruling required	1. Determination of the liability to pay tax on any goods or services or both
Question(s) on which advance ruling is required	<p>1. Whether on facts and circumstances of the case, the services supplied by the Applicant under the Service Agreement dated 1<sup>st</sup> September, 2018, qualify as an export of service as defined under section 2(6) of the Integrated Goods and Services Tax Act, 2017(IGST Act, 2017)?</p> <p>2. If the services supplied by the Applicant under the Service Agreement dated 1<sup>st</sup> September, 2018 do not qualify as an export of service as defined under section 2(6) of the IGST Act, 2017, whether on facts and circumstances of the case, the Applicant is an “Intermediary” as defined under section 2(13) of the IGST Act, 2017?”</p>

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

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M/s. Haworth India Private Limited, Survey No. 260, Vayalur Road, Kiloy Village, Sriperumbudur (Taluk), Kancheepuram (District) TamilNadu – 602 105. (hereinafter referred to as ‘Applicant’) are registered under GST vide GSTIN No. 33AAACH8417K1ZK. The Applicant has preferred this application for seeking Advance Ruling on the following Question:

1. Whether on facts and circumstances of the case, the services supplied by the Applicant under the Service Agreement dated 1 September, 2018, qualify as

an export of service as defined under section 2(6) of the Integrated Goods and Services Tax Act, 2017(‘IGST Act, 2017)?

2. If the services supplied by the Applicant under the Service Agreement dated 1 September, 2018 not qualify as an export of service as defined under section 2(6) of the IGST Act, 2017, whether on facts and circumstances of the case, the Applicant is an “Intermediary” as defined under section 2(13) of the IGST Act, 2017?”

The Applicant has submitted the copy of application in Form GST ARA – 01 and 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. The applicant, in their application has stated that:

- Haworth India Private Limited (‘Haworth India’) is a wholly owned subsidiary of Haworth Inc., USA. Haworth USA, designs and manufactures adaptable workspaces, including raised floors, movable walls, systems furniture, seating, storage and wood case goods, operating throughout the world through a network of offices.
- They are engaged in the manufacture/trading of seating, office systems, tables and other similar products. The company also provides marketing support services, installation services and customs clearance services for its group companies. They have manufacturing facilities at Tamil Nadu and sales/service offices in other States.
- They have entered into a Service Agreement (‘the Agreement’) on 1 September, 2018 with Haworth Europe SE (‘Haworth Europe’), in order to render support services in relation to data analysis, preparation of reports and other agreed service specified in Schedule I to the Agreement. A copy of the Agreement has been enclosed by the applicant. The scope of work under the Agreement is broadly stated below:
  - a. Product data analysis;
  - b. Commercial data analysis and back office support;
  - c. Preparation of marketing materials; and
  - d. Managing customer relations.
- For the proposed activity, they have rented a work space in Chennai and has hired approximately 7-8 employees for rendering the support services. The

operating costs incurred for rendering the services such as employee cost, rent and other overheads, would be charged back to the service recipient on a cost plus mark-up basis.

- As per Article 2.1 of the Agreement, Haworth Europe has appointed them to render the services broadly described in Schedule 1 to the Agreement, as an independent and professional entity.
- Further, as per Article 3.1 of the Agreement, Haworth Europe has engaged them as an independent contractor to render the services specified in the Agreement.
- Article 3.2 of the Agreement expressly provides therein that nothing in the Agreement shall be construed to constitute the parties as principal and agent or give either party the power to direct or control the daily activities of the other. Further, neither party has any right or authority to negotiate or conclude contracts or assume or create any obligation or right of any kind, express or implied, between the other party and any other person. Neither party shall be bound by or liable for any act or omission of the other party or for any promise, warranty, representation, obligation or debt of the other party.
- As a matter of fact, the Applicant have never negotiated or entered into any contract with any other person on behalf of Haworth Europe for supply of any goods or services. Haworth Europe has appointed some sales representatives for negotiating with the customers and obtaining orders. In all the cases, the contract is entered either by Haworth Europe or other overseas affiliate companies directly.
- Further, as per Article 4.3 of the Agreement, the consideration for the services rendered by them shall be equal to the direct and indirect cost incurred plus an arm's length mark-up. In terms of Article 4.7 of the Agreement, the mark-up agreed for financial year ('FY') 2018-19 shall be 15% on cost.
- Furthermore, as per Article 4.9, the Applicant shall receive payment in freely convertible foreign exchange i.e. United States Dollar ('USD')

3. The applicant was extended an opportunity to be heard in person on 19.06.2019. The applicant vide their letter dated 2<sup>nd</sup> July 2019 stated that they are busy with the monthly MIS, GST Audit and Statutory Audit and requested to grant

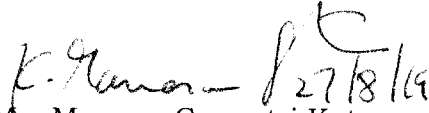
them time of one month. Subsequently, the applicant was again offered an opportunity for hearing on 28.08.2019.

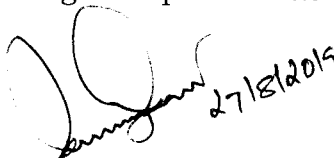
4. The applicant vide their letter dated 26<sup>th</sup> August 2019 has submitted that they wish to voluntarily and unconditionally withdraw the advance ruling application as the CBIC circular No.107/26/2019-GST dated 18.07.2019 has provided clarity to the ambiguity for which they had sought the Advance Ruling.

5. Accordingly, we rule as under:

### **Ruling**

The application filed by the Applicant for Advance Ruling is disposed of as withdrawn.

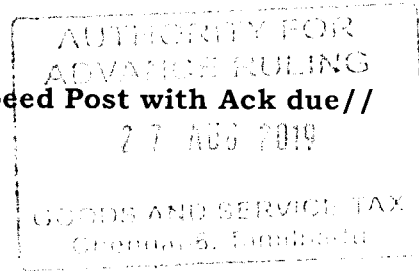
  
Ms. Manasa Gangotri Kata,  
Member, CGST

  
Shri. Kurinji Selvaan.V.S.,  
Member, TNGST

To

M/s. Haworth India Private Limited  
No. 260, Vayalur Road, Kiloy Village,  
Sriperumbudur (Taluk),  
Kancheepuram (District)  
TamilNadu - 602 105.

**// By Speed Post with Ack due//**



Copy submitted to :-

1. The Additional Chief Secretary / Commissioner of Commercial Taxes,  
2<sup>nd</sup> Floor, Ezhilagam, Chepauk, Chennai - 600 005.
2. The Principal Chief Commissioner of CGST & Central Excise,  
No. 26/1, Uthamar Mahatma Gandhi Road, Nungambakkam, Ch - 600 034.

Copy to:

2. The Commissioner of GST & Central Excise.,  
Outer Commissionerate.
3. The Assistant Commissioner (ST)  
Sriperumbudur Assessment Circle,  
4/109, Varadharajapuram.  
Chennai - 600 123.

5. Master/ Spare

