<u>Whether sale of goods in india belonging to associate situated abroad to be treated as export service or an intermediary service thereby taxable in india</u>

CRODA INDIA COMPANY PVT LTD Vs COMMISSIONER OF SERVICE TAX

PETITIONER: Croda india company pvt ltd

RESPONDENT: Commissioner of service tax

FACTS:

Petitioner is engaged in providing various taxable services whereby one among them is sale of goods in india belonging to its associates situated abroad. Since sale of goods has taken place in india, revenue intends to charge service tax by categorizing it as intermediary service for sale of goods. Whereas petitioner intends to consider it as export of service provided to its associates.

HELD:

Although the recipient of service is located outside india but as per definition of export of service, one of the condition is that service must “used outside india” and not “beneficiary of service outside inida”. In the present case, recipient is benefited from services used in india by selling goods in india, thereby considering such transaction to be intermediary services for supply of goods and not export of services. Thus, petitioner is liable to pay taxes.