

# Export of Service

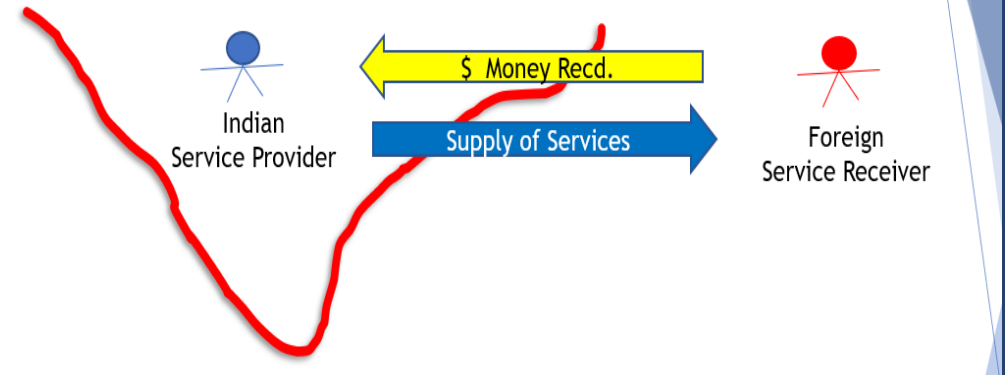
By CA M F Khan

- ✓ Meaning of Export of Service
- ✓ Providing Service via Upwork, Fiverr, Freelancer, Etc.
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- ✓ LUT Requirement
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# Meaning of Export of Services

Export of services means the supply of services when

- ❑ the supplier is in India,
- ❑ the recipient is in outside India,
- ❑ the place of service supply is outside India;
- ❑ the payment for service is in convertible foreign exchange or INR that RBI permits;



Note : Supply of **services to the foreign branch** would not be covered as export of services due to specific exclusion as “export of service”. This could involve reversing the input credits as such supply of service would be considered as non-taxable and not as zero-rated



Upwork Inc.



Fiverr



PeoplePer...



Toptal



Behance



Guru.com

## Providing Service Through Upwork, Fiverr, Freelancer, Etc.

- ❑ **There is no difference in provisions of GST** if services are provided via online marketplaces like Upwork, Fiverr or Freelancer.com etc. **or** provided directly to clients.
- ❑ When the client is located outside India - It will be considered as an export of services.
- ❑ Make sure you have FIRC for the remittance received via Upwork or Freelancer.com.

Note : We suggest you take payment via PayPal/Payoneer as they provide you FIRC easily, which is a very important document to prove export of services.

# Is IEC (Import Export Code) required for exporting of services?

- ❑ An Importer -Exporter Code (IEC) is a key business identification number which mandatory for export from India or Import to India.
- ❑ However, for services exports, IEC shall be not be necessary except when the service provider is taking benefits under the Foreign Trade Policy.

# Is LUT (Letter of Undertaking ) required for exporting of services?

- ❑ Any registered person availing the option to
- ❑ supply of services for export without payment of GST
- ❑ has to furnish, **prior to supply**, a Letter of Undertaking (LUT).

**Note :** An LUT is valid for one financial year

# Is GST applicable (1/2)

Providing services of up to Rs. 20 lakhs in a financial year -

- ❑ In such a case you are **not required to register under GST** even if you providing services to the clients located in same state, outside state or even outside India (i.e. export of services).
- ❑ As per Section 24(1) of the CGST Act 2017, any persons making any **inter-State taxable supply (goods or services)** are mandatorily require to register under GST.
- ❑ However, a special Notification no. 10/2017 - IGST has been released to **exempt the service providers** if they are having turnover of less than Rs 20 Lakh for a financial year.

# Is GST applicable (2/2)

GST is applicable on Services, if turnover is more than Rs. 20 lakhs (Rs. 10 lakhs in case of north eastern states)

- ❑ GST is mandatory even if you are providing services only to clients outside India (100% export of services)
- ❑ in case of **import of services irrespective of the turnover.**
- ❑ providing services to foreign clients through online platform likes Upwork, Freelancer etc. the person need to register under GST (irrespective of the turnover) as he is liable to pay RCM on the service fees charged by these platforms.

## Note:

The Upwork commission falls under RCM as Upwork does not charge GST on its service fees. Similarly,

if you are using the payment service provider like Payoneer, who does not charge GST on the service charge then the person is liable to discharge the GST under RCM.

# GST Refund

- ❑ RFD-01 application is required to file.
- ❑ login to the GST portal and selecting Services > Refunds > Application for Refund > Export of Services without payment of tax > RFD-01.
- ❑ The details relating to the export of services will need to be uploaded using the offline utility.
- ❑ The **most important condition** for claiming GST refund is: -  
  
FIRC or BRC Certificate to prove export of services.



Thank You

[CA M.F. Khan](#)

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