Intermediary Services under GST
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INTERMEDIARY

What is an Intermediary

- A person or organization that acts between two or more people or organizations to help them deal with each other
- A person who acts as a link between people in order to try to bring about an agreement; a mediator
- A person or entity that acts as a link between parties to a transaction or negotiation.

- बिचौलिया
- माध्यम
- बीच का व्यक्ति

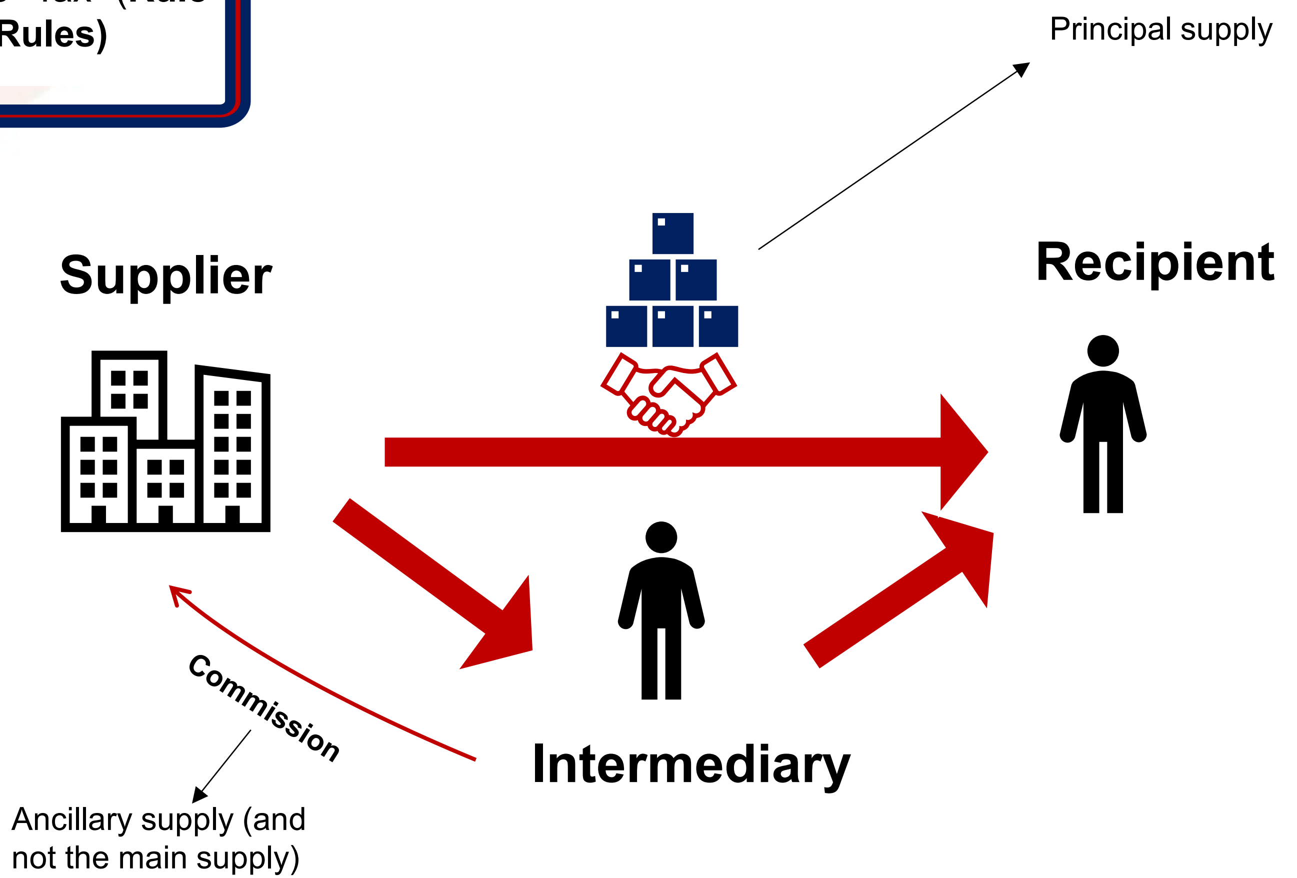
What is an Intermediary

Section 2(13) of IGST Act

"Intermediary" means a **broker**, an **agent** or any other person, by whatever name called, who

- **arranges or facilitates** the supply of goods or services or both, or securities
- **between two or more persons**
- but does not include a person **who supplies such** goods or services or both or securities **on his own account**

The definition of 'intermediary' under GST is largely the same as under Service Tax (**Rule 2(f) of POPS Rules)**



Clarifications on Intermediary

Circular No. 159/15/2021-GST dated September 20, 2021

✔

- Broker / Agent
- Arranges / Facilitates a supply
- Minimum three Parties
- Two distinct supplies

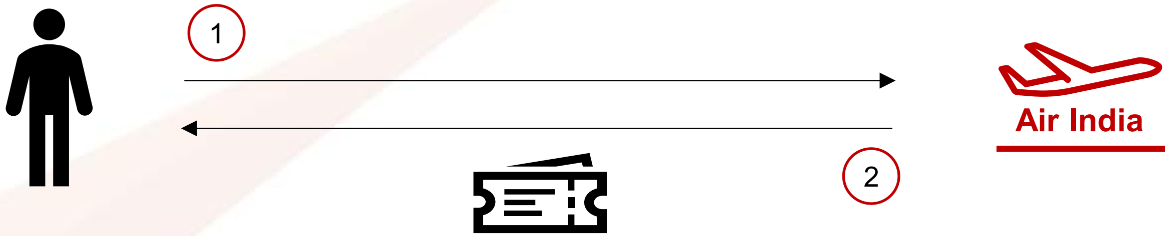
✘

- Main supply
- Own account
- Sub-contracting

Illustrations 1

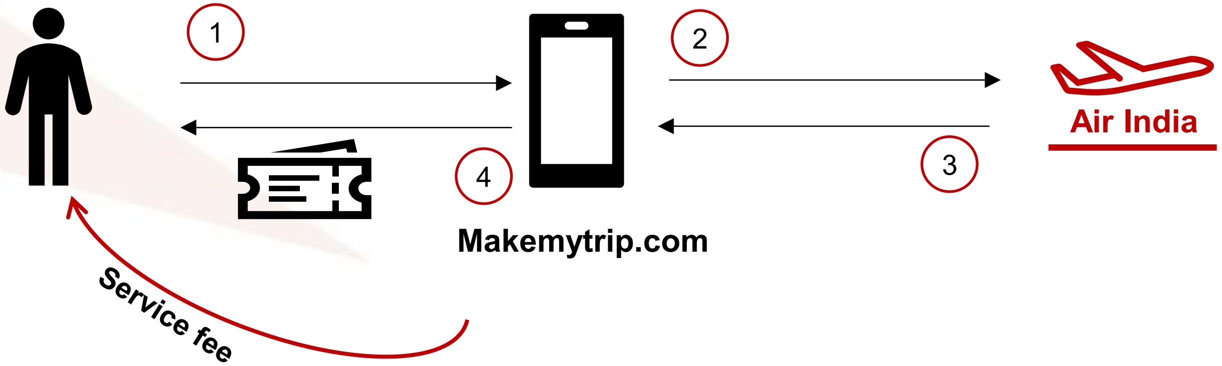
I want to book a flight ticket

Option 1



- Agent / broker
- Three parties
- One principal and one ancillary service

Option 2

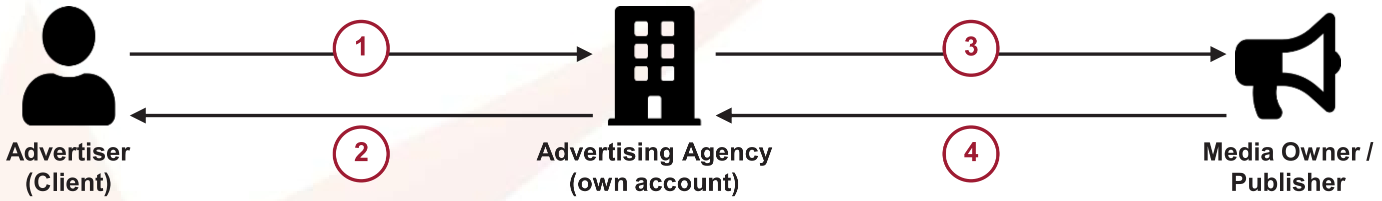


- Agent / broker
- Three parties
- One principal and one ancillary service

Illustrations 2

Advertisement services – intermediary ?

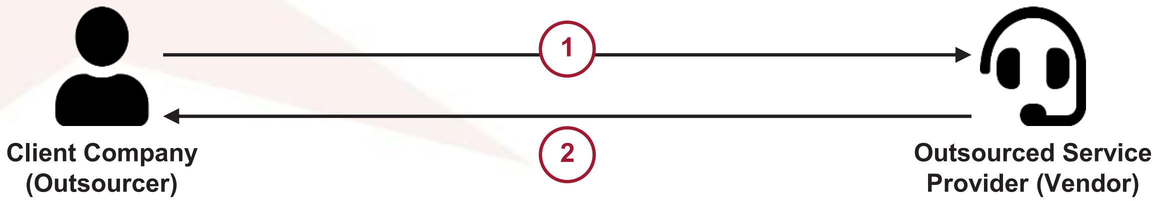
Advertising agency contracts on its own account with both the advertiser and the media owner – a principal supply, not facilitation



- Not acting as agent or broker
- Buys & sells space on its own account
- Not arranging a supply for another party

Outsourced / Subcontracted services – intermediary?

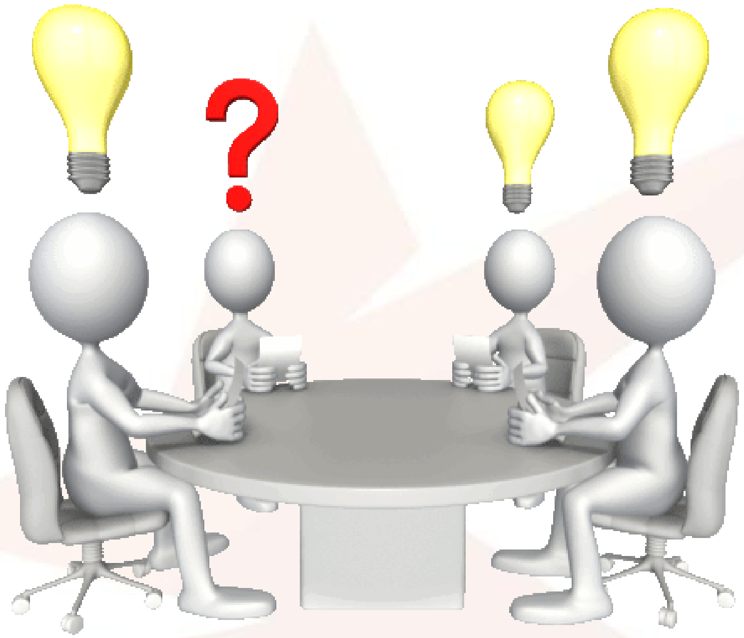
Service provider performs the outsourced process itself and is directly responsible for the output – not arranging a supply for someone else



Service fee / consideration for the outsourced process

- Only two parties involved
- Vendor supplies at its own risk
- Direct principal-to-principal contract

Illustration



Scenario	Intermediary (Yes / No)
Commission agent/ Real estate agent	✓
Air Travel Agent	✓
Visa Agent	✓
Customer care	✗
Marketing support	✗
Sub-contractor	✗

Relevance

Section 13(8)(b) IGST Act

*The Place of Supply for intermediary services is the **location of the supplier**.*

Section 2(6)(iii) IGST Act

For any service to qualify export of service, Place of Supply must be outside India.

Section 2(11)(iii) IGST Act

For any service to qualify as import of service, Place of Supply must be in India.

Proviso to Section 14(1) IGST Act

Intermediary located outside India facilitating OIDAR services deemed to be supplier of those services subject to some exclusions.

Omission of Section 13(8)(b) of IGST Act

- Omitted Section 13(8)(b) of the IGST Act, which prescribed the location of the supplier as the place of supply for intermediary services

- **Effective date of omission:**

- The Finance Act, 2026 received Presidential assent on 30 March 2026
- No separate effective date prescribed for this omission

Section 13(8)(b)

Place of supply = Supplier's location

OMITTED
(w.e.f. Mar 30, 2026)

Section 13(2)

Place of supply = Recipient's location

- Omission retrospective or prospective?
- Past litigations?
- As is where is basis?

General Rule Post-2026

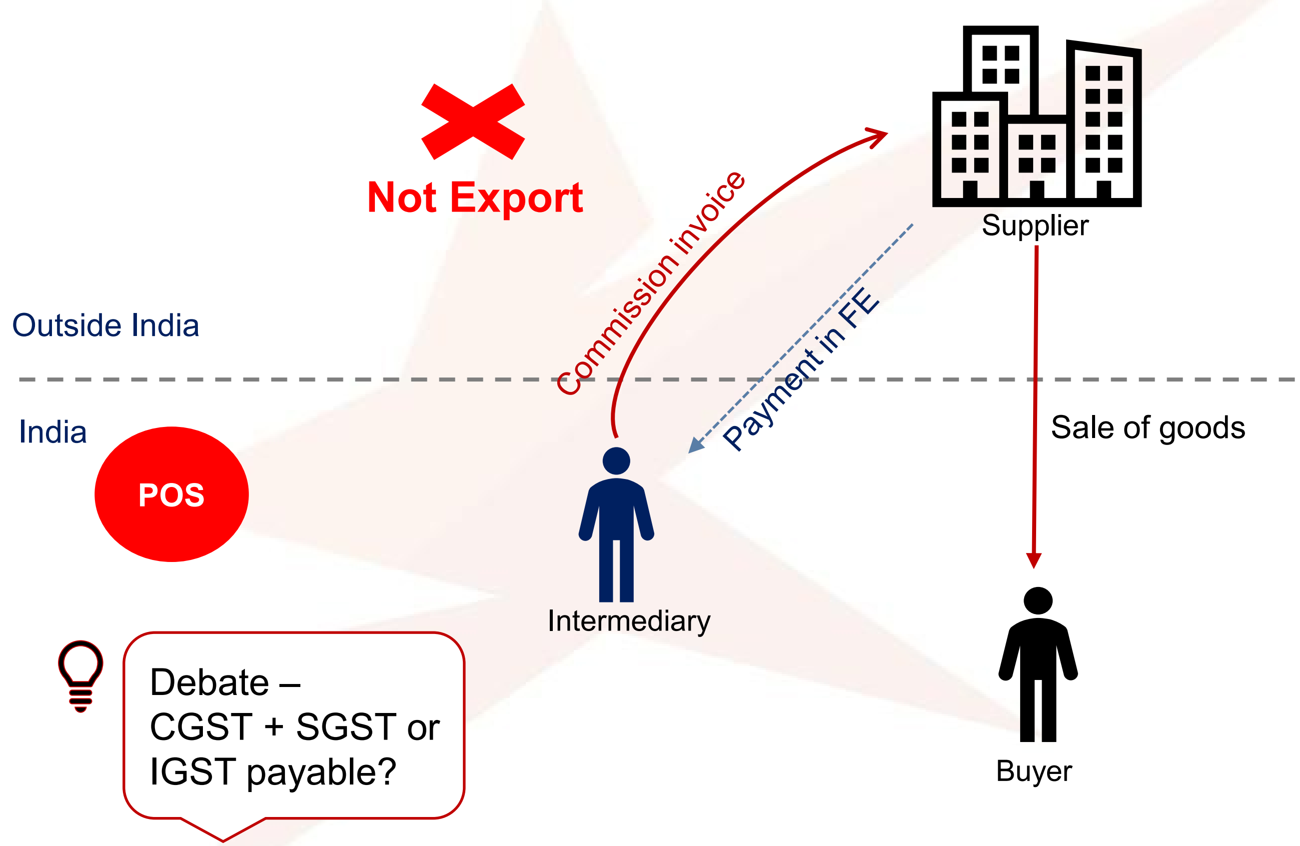
- Place of supply = recipient's location (Sec. 13(2))
- Brings intermediary services in line with other cross-border services

Fundamental Shift

- Deeming fiction (supplier's location) removed
- Reinforces destination-based taxation principle

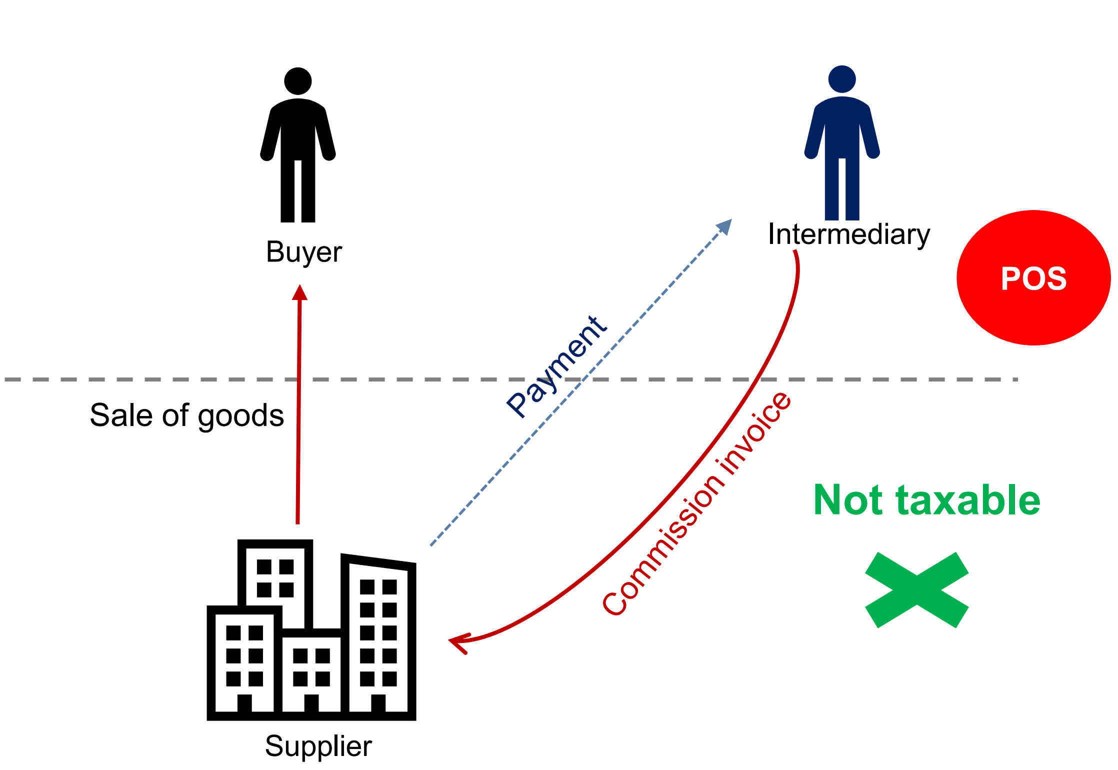
Scenario Pre-Omission

Supplier of Intermediary Services in India



Intermediary required to charge GST at the rate of 18% as B2C supply

Recipient of Intermediary Services in India

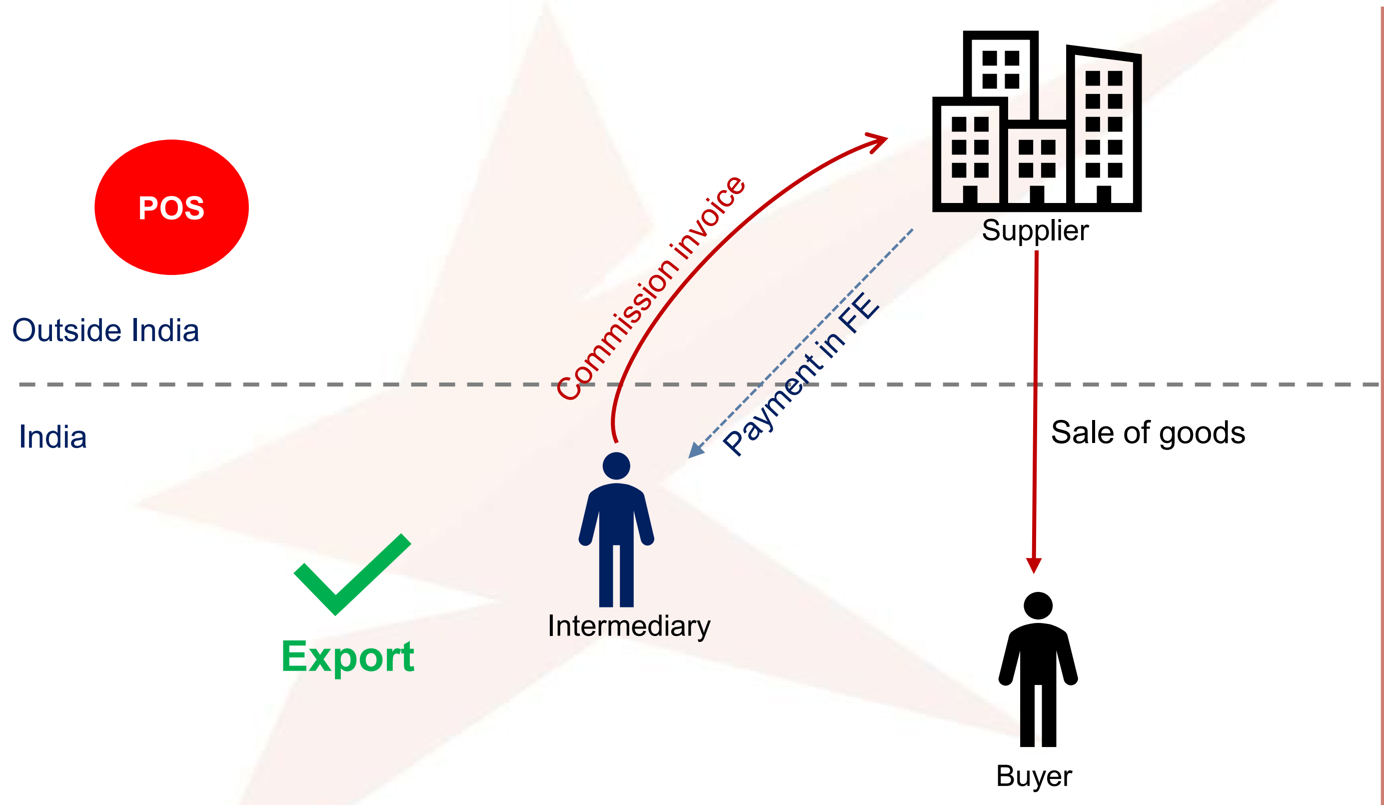


Supplier not required to pay GST under reverse charge

Scenario Post-Omission

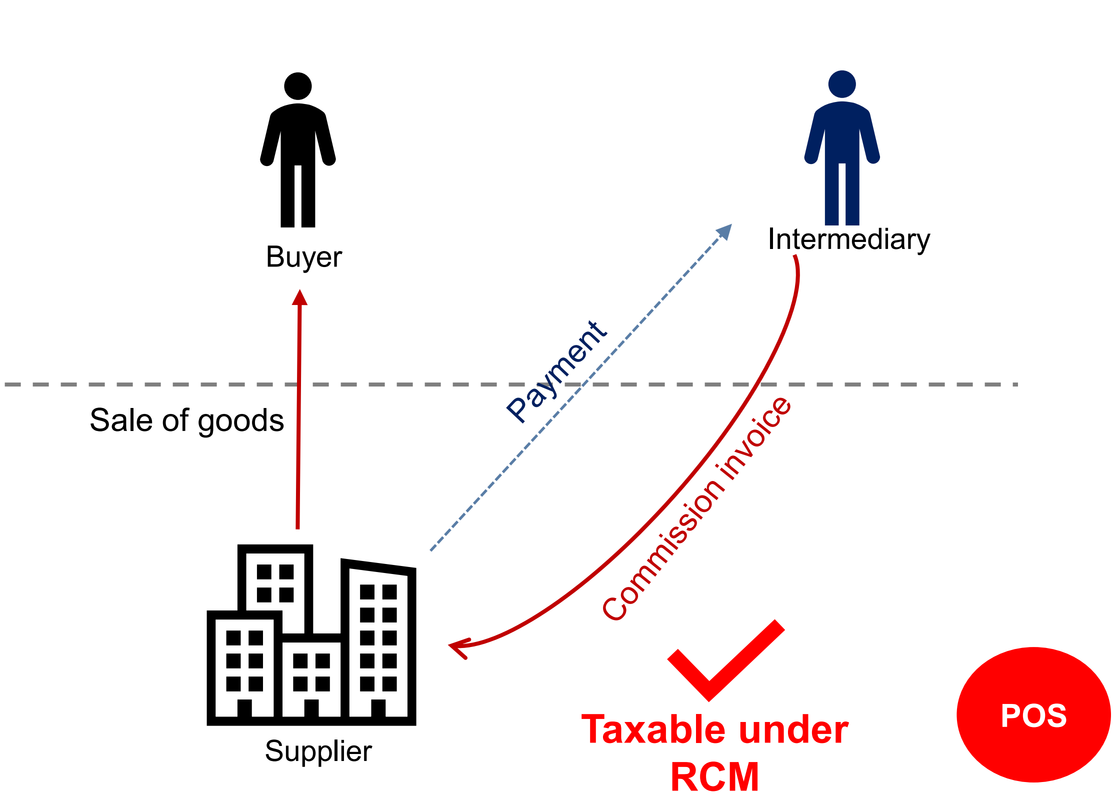
Incremental cost to suppliers making exempted and non taxable supplies

Supplier of Intermediary Services in India



Intermediary not required to charge GST in case of export under LUT

Recipient of Intermediary Services in India



Supplier required to pay GST under reverse charge

Future relevance of Intermediary

BEFORE	AFTER
Place of supply under Section 13(8)(b)	Place of supply under Section 13(2)
Debate on CGST+SGST or IGST to be paid	Becomes irrelevant post omission
Relevant to Export / Import of service and OIDAR	Relevant only for OIDAR {Proviso to Section 14(1)}
Export taxability disputes and disputes on person liable to pay tax	Disputes limited to person liable to pay tax
High litigation on export of services and OIDAR	Future period litigations limited to OIDAR

Key Judgements

SNQS International Socks Pvt. Ltd. 2024 (3) TMI 1045 – SC Order

Services provided independently on a principal-to-principal basis were held not to be intermediary services, as the supplier rendered services on its own account

E&Y Ltd. 2023 (73) GSTL 161 (Del. - HC)

Back-office and support services provided independently to overseas group entities were held to be export of services and not intermediary services.

Infodesk India, 2025 (95) GSTL 297 (Guj. - HC)

Marketing and business support services rendered on a principal-to-principal basis were held not to fall within the scope of intermediary services.

Global Opportunities Pvt. Ltd., 2025 (10) TMI 371, Delhi HC

Student recruitment services rendered to foreign universities on a principal-to-principal basis were held not to qualify as intermediary services (but as business promotion services).

Open AI Inc. (ChatGPT) (20.05.2026 - CALHC), MANU/WB/1117/2026

Generative AI like ChatGPT does not fit neatly within the existing definition of an intermediary under the IT Act, 2000.

Questions?