

**AUTHORITY FOR ADVANCE RULING  
TAMILNADU ADVANCE RULING AUTHORITY  
PAPJM Buildings, IstFloor, No.1, Greams Road, Chennai-600 006.**

**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, IRS,  
Joint Commissioner / Member, Office of the Commissioner of  
GST & Central Excise, Chennai- 600 034.
2. Thiru. KurinjiSelvaan V.S., M.Sc., (Agri.), M.B.A.,  
Joint Commissioner (ST) / Member, Office of the Authority for  
Advance Ruling, Tamil Nadu, Chennai-600 006.

**ORDER No. 20 /ARA/2019 Dated 21 .05.2019**

GSTIN Number, if any / User id	33AAACF9033B1Z7
Legal Name of Applicant	M/s FOXTEQ SERVICES INDIA PRIVATE LIMITED
Trade Name of the Applicant	FOXTEQ SERVICES INDIA PRIVATE LIMITED
Registered Address / Address provided while obtaining user id	28 North Phase, Thiru vi Ka Industrial Estate, Ekkatuthangal, Guindy, Chennai, Tamil Nadu
Details of Application	Form GST ARA - 001 Application SI.No.52 Dated 23.10.2018
Concerned Officer	State: The Assistant Commissioner(ST), Ekkattuthangal Assessment Circle.  Centre: Chennai South ,Division- Guindy
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for	
A Category	Service Provision
B Description (in brief)	The Applicant is engaged in the business of providing repairs and replacement services of computer monitors and monitor parts.
Issue/s on which advance ruling required	Classification of services

Question(s) on which advance ruling is required

1. Whether the supply of repairing and replacement service would be classified as composite supply as defined under section 2 (30) of the CGST Act, 2017 and Section 2(30) of the Tamil Nadu GST Act, 2017, wherein the principal supply is the supply of repair services while the goods such as parts of monitor and monitor units used for providing such repair and replacement services are being naturally bundled in the ordinary course of business.

2. Whether the said supply, if classified as composite supply, would be classified as “supply of Services” under GST.

3. Whether registration would be required under Section 22 and Section 25 of CGST Act, 2017 to be obtained by the Applicant for the use of warehouses of ASP (the sub-contractor)

**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. Foxteq Services India Private Limited No, 28, North Phase, Thiru Vi Ka Industrial Estate, Ekkatuthangal, Guindy, Chennai, Tamil Nadu 600032 (hereinafter called the ‘Applicant’) is engaged in the business of providing repairs and replacement services of computer monitors and monitor parts. They are registered under GST with GSTIN number 3200000000000000. They have previously an application seeking Advance Ruling on :

1. Whether the supply of repairing and replacement service would be classified as composite supply as defined under section 2 (30) of the CGST Act, 2017 and Section 2(30) of the Tamil Nadu GST Act, 2017, wherein the principal supply is the supply of repair services while the goods such as parts of monitor and monitor units used for providing such repair and replacement services are being naturally bundled in the ordinary course of business.

2. Whether the said supply, if classified as composite supply, would be classified as “supply of Services” under GST.

3. Whether registration would be required under Section 22 and Section 25 of CGST Act, 2017 to be obtained by the Applicant for the use of warehouses of ASP (the sub-contractor)

2. The applicant has informed that they are a Private Limited Company incorporated in the year 2005 having its registered Office at Chennai. They are subsidiary company to M/s Foxconn Technology Group which is the largest contract manufacturer of electronic products. They are engaged in the business of providing repair and maintenance service to their clients.

2.1 The proposed business model as submitted by the applicant is given below verbatim:

1. Foxconn Group is proposed to be entering into a contract with HP Group for providing the proposed services across the world, namely repairing and replacement services of computer monitors and monitor parts. The aforesaid contract would act as the Master Service Agreement (MSA), wherein Foxteq Services India Private Limited (the Applicant) has been listed as partner for providing the aforesaid proposed services to HP India (hereinafter referred to “the client”)

2. As part of the proposed MSA, the Applicant would carry out the repairs and replacement services for the client’s customers located across India.

3. In this regard, the Applicant contemplates a new business model wherein the Applicant would sub-contract the aforementioned repairs and replacement activities to an Authorised Service Provider (hereinafter referred to as “ASP”)

4. The ASP would provide repairs and replacement services on behalf of the Applicant to all the customers of the client located across the country. The service agreement for the sub-contract service to be provided by the ASP would be for the below mentioned services.

a. Warranty support, Post-warranty support, and other related services

5. The whole process of the proposed business model is explained in detail below:

**A. Raising of Request:**

6. The process of the proposed business model would begin with the customer of the client placing a Request by way of raising ticket with the nearest HP service centre which in turn will be routed to the ASP via the Applicant.

7. On receipt of the Request, the engineer of the ASP would go to the customer's location and would provide repairs and replacement services. ASP, on completion of the service, would close the ticket and bill the Applicant for the services provided by them.

8. It is to be noted that the billing pattern between the client and their customer would be agreed between them and the Applicant or the ASP would not get involved in their billing pattern.

**B. Identifying whether the services are of repairs or replacement in nature:**

9. The Applicant before passing on the Request to ASP would identify the nature of the proposed repairing services.

10. The Applicant would identify whether the monitor for which repairing services need to be carried out are manufactured by Foxconn Group. In such case, the monitor could be repaired by just replacing the defective part alone. This kind of repair is called "Onsite support"

11. However, if the monitor unit is manufactured by non-Foxconn unit (i.e. third parties), the whole unit itself would be replaced by the same non-Foxconn product. This is called "whole unit exchange" (WUE). The Applicant has decided to replace the whole unit itself in case of non-Foxconn product because it would be difficult for the applicant to get the spare part for a non-Foxconn product.

12. Thus, whether a particular Request is in the nature of repairing of defective part or replacement of whole unit would be determined by the Applicant. Based on the Applicant's decision, ASP would proceed to provide repairs and replacement services to the customers of the client.

**C. Services that would be carried out for the client:**

13. ASP would carry out the proposed repairing activities in the customer's location which would be located all over India.

14. Based on the request received via the Applicant, the engineer of the ASP would reach the customer's location and carry out the repairing activities.

15. The ASP, on receipt of the request, would get to know whether the repair is of "onsite support" or "whole unit exchange" and whether the monitor is manufactured by Foxconn or third parties. Basis this the ASP

would carry the required parts/unit along with them to the customer's location.

16. In case the defect is on Foxconn manufactured monitor unit, the same would be replaced by the Foxconn part and in case the defect is on non-Foxconn product, the same would be replaced by the same non-Foxconn product.

17. It is to be understood that the Applicant provides repairing services by way of fixing the monitors and monitor parts by replacing the same with the products given by the ODM. The defective parts/ units will be carried back by the ASP to their nearest warehouse from where the same would be shipped back to the Applicant.

**D. Movement of the goods:**

18. The Applicant would receive all the monitor units and the monitor parts from the Original Design Manufacturer (ODM). In case if the said parts are covered by warranty period, the same would be supplied to the Applicant at free of cost. Otherwise, the parts would be purchased by the Applicant from the ODM.

19. The Applicant would ship all the necessary goods i.e. monitors and monitors parts to the ASP's warehouse which is located all across India. The ASP would take the goods from the nearest warehouse location to carry out the proposed services.

20. Even though the goods would be stocked up at ASP warehouses located across India, the ownership of the goods would lie with the Applicant only.

21. Further, as stated in the above paragraph, the defective parts would be brought back to ASP's nearest warehouse from where the defective parts would be shipped back to the Applicant.

22. The Applicant, on receipt of the defective parts or units, would send back the parts/units to the third party for replacement, if the units are Non-Foxconn products and to Foxconn group for replenishment, if the defective parts/units are products of Foxconn group.

**E. Service charges and Billing:**

23. The service charges for the proposed repairs services would be determined based on the warranty given for the monitor and monitor parts by the Original Design Manufacturer (ODM).

24. If HP monitors/monitor parts get covered under warranty, the same would be considered as "Pre-paid model". And, if HP monitors / monitor parts do not get covered under warranty, the same is called "PayG model". The type of the repairing service would be determined by the Applicant at the time of raising request.

to the client for the business model is as given below:

Model/Cost Factor	onsite Support (only repairs)	Inventory & buffer cost (Whole unit exchange)
Pre-Paid	\$18.22	\$28.76
Pay G	\$40.00	\$59.15

26. It can be seen from the above table that the Applicant charges \$18.22 per request on prepaid model for repairing and replacing the defective part alone. However, in case of PayG model, the Applicant charges the client \$40.00 which is inclusive of defective part charges as well.

27. Where the request involves replacement of whole unit, the Applicant would charge \$28.76 per request for pre-paid model and \$59.15 per request for PayG model.

28. Further, the applicant would like to submit that the above amount of \$59.15 would include the repair cost of the returned defective materials which would be charged to the client incase of PayG model. However, in case of pre-paid model, the repair cost of the defective unit would be charged to the Foxconn unit.

29. Further, in case of non-Foxconn products, the same would be shipped to the third parties who would replenish the stock to the Applicant for future requests. In this regard, the Applicant wishes to submit that there shall be no consideration involved in this transaction except for movement of defective goods to the third parties.

30. Apart from the above, ASP would charge the Applicant for their sub-contracting services provided to the Applicant. The billing pattern of the ASP would be based on the below mentioned services agreed to be provided by them:

- a. Warehousing services; b. Logistics services; c. On-site support services; d. Replacement support and defective return services.

31. It is also to be noted that the Applicant would not get involved in the billing arrangement between the client and their customers.

2.2 In light of the afore said submissions the applicant sought to obtain advance ruling on the questions mentioned in para 1 supra.

3. The applicant was granted a personal hearing on 12.03.2019. They submitted a copy of agreement with HP regarding providing repair and warranty services to HP customers. They also submitted agreement with Hp Global and Foxconn the parent company of the applicant. They stated that they will provide details of the previous transactions before GST and before this current proposed transaction,

details of billing to HP customer request, copy of AMC with HP customers. They also submitted a similar decision of Maharashtra AAR. The state Department office provided a written submission of their comments. The applicant sought 2 weeks time to submit the documents mentioned above.

4. The Applicant did not furnish the documents undertook to be submitted. However, the applicant was extended an opportunity to be heard finally on 21.05.2019. The Authorised representatives of the applicant appeared and submitted a written letter dated 20.05.2019, requesting withdrawal of the application for Advance Ruling before the authority, since the company has opted to drop the proposed business model.

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

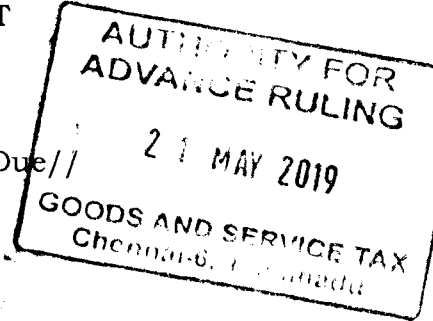
**RULING**

The application filed by the applicant for Advance Ruling is dismissed as withdrawn.

*K. Manasa* 21/5/19 *Shri. Kurinji Selvaan* 21.5.2019  
Ms. Manasa Gangotri Kata, IRS Shri. Kurinji Selvaan. V.S M.Sc., (Agri.), M.B.A.,  
Member, CGST Member, TNGST

To

Foxteq Services India Private Limited, // By Speed Post with Ack. Due //  
28 North Phase,  
Thiru vi Ka Industrial Estate, Ekkatuthangal, Guindy,  
Chennai 600 032. Tamil Nadu



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:

3. The Commissioner of GST & C.Ex.,  
Chennai South Commissionerate.

4. The Assistant Commissioner (ST)  
Ekkattuthangal Assessment Circle, 46,  
PasumponMuthuramalingamSalai,  
Taluk Office Building,  
RA Puram, Chennai 600 028.

5. Master File / spare