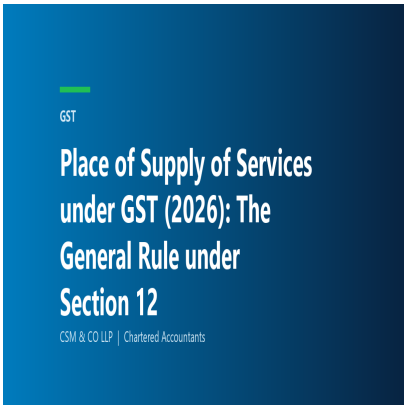

Place of Supply of Services under GST (2026): The General Rule under Section 12

Description

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Quick summary

- Section 12 of the IGST Act applies only where both the supplier and the recipient of a service are located in India - cross-border services fall under a separate section (13).
- The default rule, under section 12(2), applies unless the service falls into one of the specific categories listed in sub-sections (3) to (14) of the same section (immovable property, events, transportation, telecom and more).
- For a service to a registered person, the place of supply is always that person's own location - it does not matter where the service is actually performed.
- For a service to an unregistered person, the place of supply is the recipient's location if their address is on record, and the supplier's own location otherwise.
- Services are harder to place than goods because they are intangible - getting the default rule wrong means CGST/SGST gets paid where IGST was due, or the reverse, and fixing it later means paying the correct tax again and separately claiming a refund of the wrong one.

Place of supply for goods is comparatively simple - goods are tangible, so the law can anchor the rule to where they physically move to or sit. Services are intangible, which is why GST needs a separate, more detailed set of rules to fix a place of supply for them. Our Place of Supply of Goods guide covers the goods side; this post covers the **general rule** for services.

New to terms such as "registered recipient" or "address on record"? See the technical terms explained in simple words further down.

Which section applies, and when

Section 12 of the IGST Act, 2017 applies **only where both the supplier and the recipient of a service are located in India**. Where either party is located outside India, a separate provision - section 13 - applies instead, with its own distinct set of rules.

Within section 12 itself, sub-sections (3) to (14) carve out **specific categories** with their own rules - services directly relating to immovable property, hotel and lodging accommodation, event admission and organisation, passenger transportation, services on board a conveyance, telecommunication services, banking and financial services, insurance services, and advertisement services to the Government, among others. The **general rule in section 12(2)** is the default, applying to any service that is **not** separately covered by one of those specific categories.

The general rule: registered recipient

Under section 12(2)(a), where the service is supplied **to a registered person**, the place of supply is simply **that recipient's own location** - full stop. It does not matter where the supplier is based, where the service is actually performed, or where any physical element of it takes place.

Example: A consultant based in Karnataka provides consultancy services to a company registered in Maharashtra. The place of supply is Maharashtra (the registered recipient's location), so **IGST** applies, since the supplier and the place of supply are in different States.

The general rule: unregistered recipient

Under section 12(2)(b), where the service is supplied **to a person who is not registered**, the place of supply is:

- The **recipient's own location**, where their address is on record with the supplier; or
- The **supplier's own location**, in any other case (no address on record).

Example (address on record): The same Karnataka consultant provides services to an unregistered individual whose recorded address shows Tamil Nadu. The place of supply is Tamil Nadu, so **IGST** applies.

Example (no address on record): The consultant provides services to an unregistered individual with no address on record at all. The place of supply falls back to the supplier's own location - Karnataka - so **CGST and SGST** apply instead of IGST.

Why the general rule matters even though specific rules exist

Even with a long list of specific-service categories in section 12(3) to (14), most ordinary professional, consultancy, and business services a typical firm provides or receives fall under the **general rule**, not one of the carved-out categories. Knowing when the general rule applies - and confirming a service genuinely does not fall into one of the specific categories - is usually the first real determination to make before invoicing.

Getting it wrong is expensive, not just technical

If a service is wrongly treated as intra-State when it should have been inter-State (or the reverse), the supplier cannot simply net it off later. The correct tax (say, IGST) has to be paid separately, and the wrongly-charged tax (CGST and SGST) then has to be claimed back as a refund - a real cash-flow cost and a compliance burden, not a paperwork-only correction.

How CSM & Co LLP can help

Confirming whether a service falls under the general rule or one of section 12's specific categories, and getting

the registered-versus-unregistered recipient test right, prevents exactly this kind of costly correction later. Please reach out to our team and we will be happy to assist with service classification and place-of-supply determination.

Technical terms explained in simple words

Term	What it means
Registered recipient	A GST-registered person or business receiving the service, identified by their GSTIN.
Address on record	The recipient's address the supplier has genuinely captured and kept - used to determine place of supply when the recipient is unregistered.
Intra-State supply	A supply where the supplier's location and the place of supply are in the same State or Union Territory - taxed as CGST plus SGST/UTGST.
Inter-State supply	A supply where the supplier's location and the place of supply are in different States or Union Territories - taxed as IGST.
Default/general rule	The rule that applies to a transaction when no more specific rule covers it - here, section 12(2), which applies unless a service falls under one of section 12's specifically listed categories.

Frequently asked questions

Which law governs the place of supply of services?

Section 12 of the IGST Act, 2017, but only where both the supplier and the recipient of the service are located in India. Where either party is outside India, section 13 applies instead - a separate set of rules.

What is the general rule for place of supply of services to a registered person?

The place of supply is simply the location of that registered recipient - under section 12(2)(a) - regardless of where the service is actually performed or delivered from.

What is the general rule for a service to an unregistered person?

The recipient's own location, if their address is on record with the supplier; if no address is on record, the supplier's own location instead - under section 12(2)(b).

Does the general rule apply to every service?

No. Section 12(2) is the default, applying only to services not separately covered by sub-sections (3) to (14) of the same section - which set out their own specific rules for immovable property, hotels and lodging, events, passenger transport, telecommunications, banking and several other categories.

Why does getting the place of supply of a service wrong matter?

Because it decides whether CGST plus SGST or IGST is charged. If the wrong one is charged, the supplier typically has to separately pay the correct tax and then claim a refund of the tax wrongly paid - a real cash-flow and compliance cost, not a paperwork-only error.

Why are services harder to place than goods?

Goods are tangible and physically move or sit somewhere, giving a natural location to anchor the rule to. A service is intangible, so the law has to choose a fixed reference point instead - most often the recipient's own location - rather than trying to track where an intangible service "is".

Official sources

- CBIC Tax Information Portal - Section 12, IGST Act, 2017 (Place of supply of services where location of supplier and recipient is in India)
- GST Portal

Related reading

- GST on Waste and Scrap (2026): 2% TDS and Reverse Charge for Plastic, Tyre, E-waste and Used Cooking Oil
- GST on Services (2026): E-commerce Delivery and Transport, Electric Vehicle Rentals, Helicopter Seats and Foreign Shipping Lines
- Simplified GST Registration for E-commerce Sellers (2026): Rule 14B, ECO Consent and Warehouse as PPoB

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