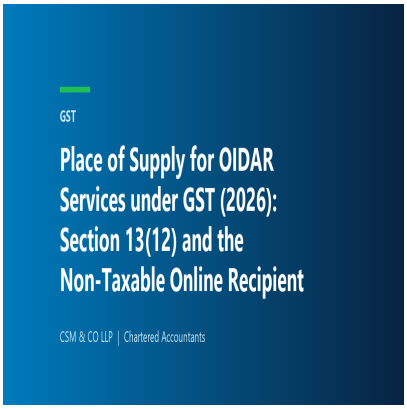

Place of Supply for OIDAR Services under GST (2026): Section 13(12) and the Non-Taxable Online Recipient

Description

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Quick summary

- OIDAR (Online Information and Database Access or Retrieval) services are services delivered over the internet whose supply cannot be ensured without information technology - cloud storage, e-books, streaming, online gaming and similar.
- A 2023 amendment removed “essentially automated involving minimal human intervention” from the legal definition of OIDAR, and is now in force - a service can be OIDAR even if it involves real human effort behind the scenes, as long as IT makes delivery possible.
- The place of supply of OIDAR services is always the location of the recipient, determined by a seven-factor test (billing address, IP address, SIM card country code and similar) when the usual proof of location is not available.
- Where the supplier is outside India and the recipient is an unregistered person in India (a “non-taxable online recipient”), the overseas supplier itself is liable to register and pay IGST - not the Indian recipient.
- A separate 2023 amendment that would add “online gaming” explicitly into the OIDAR definition has been enacted but is not yet notified into force.

OIDAR services are the one category where GST deliberately flips the usual rule: instead of taxing where the supplier is, or applying reverse charge on the Indian recipient, the law can require an overseas supplier with no presence in India to register and pay Indian GST directly. This post covers what counts as OIDAR, where it is placed for GST, and who ends up paying.

New to terms such as “reverse charge” or “non-taxable territory”? See the technical terms explained in simple words further down.

What counts as OIDAR

Under section 2(17) of the IGST Act, 2017, a service is OIDAR only if **both** conditions hold:

1. Its delivery is **mediated by information technology**, over the internet or an electronic network.
2. The nature of the service makes its supply **impossible to ensure in the absence of information technology**.

A 2023 amendment, now in force since 1 October 2023, removed the earlier words “essentially automated involving minimal human intervention and” from this definition. A service does not stop being OIDAR just because real human effort sits behind it - what matters is that IT itself is what makes delivery possible at all.

Examples of OIDAR: internet advertising, cloud storage services, e-books/movies/music/software delivered over telecom networks or the internet, retrievable data or information supplied electronically through a computer network, digital content supplies (streaming shows, music), and digital data storage.

A separate, pending amendment would explicitly add “online gaming” (excluding online money gaming, which is separately defined and taxed) as an OIDAR example - this has been enacted but **is not yet notified into force**.

Not OIDAR: electronically-ordered physical goods, physical books, newspapers and journals, professional advice delivered by email, bookings for events, hotels or car hire, courses with a teacher actually delivering content live over the internet, offline physical repair services, and advertising through traditional media (newspapers, posters, television).

Place of supply: always the recipient’s location

Under section 13(12), the place of supply of OIDAR services is **always the location of the recipient**, regardless of who the supplier is or where they are based.

How the recipient’s location is actually determined

The recipient is deemed to be in India’s taxable territory if **any two** of the following conditions, taken together, are not contradictory:

1. The address the recipient gives over the internet is in India.
2. The card (credit, debit, store-value, charge or smart card) used to pay was issued in India.
3. The recipient’s billing address is in India.
4. The IP address of the device used is in India.
5. The bank account used for payment is maintained in India.
6. The country code of the SIM card used is India’s.
7. The fixed landline through which the service is received is located in India.

Who registers and pays: the “non-taxable online recipient” rule

Where an OIDAR supplier is **located outside India** and supplies to an **unregistered recipient located in India** - a “non-taxable online recipient” - the **overseas supplier itself** is responsible for registering (typically under a simplified registration scheme) and paying IGST directly. The Indian recipient does not pay this under reverse charge in that scenario.

Example: An Indian student subscribes to a US-based streaming service directly. The streaming company, not the student, is responsible for GST registration and payment in India.

If the recipient is instead a **registered person** in India, the usual reverse charge applies - the Indian registered recipient pays the IGST, not the overseas supplier.

A 2023 definition change, now in force

The same 1 October 2023 amendment that changed the OIDAR definition also **redefined "non-taxable online recipient"**: it now means any **unregistered person** receiving OIDAR services located in the taxable territory - including a person who is registered **solely** as a TDS deductor under section 24(vi) of the CGST Act. This broadened who counts as a non-taxable online recipient compared to the earlier, narrower definition.

Intermediaries

Where an intermediary located outside India arranges or facilitates an OIDAR supply between the actual service provider and the non-taxable online recipient, the **intermediary is deemed to be the recipient** of the service (and so becomes liable), **unless all of these hold**:

- The intermediary's invoice clearly identifies the actual service and its supplier, located outside India;
- The intermediary neither collects nor processes the payment, and is not responsible for the payment between the recipient and the supplier;
- The intermediary does not authorise delivery; and
- The general terms and conditions of the supply are set by the actual service provider, not the intermediary.

How CSM & Co LLP can help

OIDAR compliance sits at an unusual intersection of cross-border tax, registration mechanics, and a fact-specific recipient-location test - getting any one wrong can mean an overseas supplier owes Indian GST it never registered for, or an Indian business wrongly pays reverse charge it never owed. Please reach out to our team and we will be happy to assist with OIDAR classification and compliance.

Technical terms explained in simple words

Term	What it means
Non-taxable online recipient	An unregistered person in India receiving OIDAR services - the category that shifts GST liability onto the overseas OIDAR supplier rather than the Indian recipient.
Reverse charge	The arrangement where the recipient of a supply, not the supplier, is liable to pay GST directly to the Government.
Intermediary	A broker, agent, or similar party who arranges or facilitates a supply between two others, without supplying it on their own account.
Taxable territory	The territory where GST law applies - broadly, the whole of India.

Term	What it means
Simplified registration scheme	A streamlined GST registration process designed for overseas suppliers of OIDAR services who have no other presence in India.

Frequently asked questions

What does OIDAR mean under GST?

Online Information and Database Access or Retrieval services - services whose delivery is mediated by information technology over the internet, and whose nature makes them impossible to supply without that technology. Examples include cloud storage, e-books, streaming video or music, online gaming, and internet advertising.

What is the place of supply for OIDAR services?

Always the location of the recipient of the service, under section 13(12) of the IGST Act - regardless of where the supplier is based.

How is the recipient’s location determined for OIDAR services?

The recipient is deemed to be in the taxable territory (India) if any two of seven non-contradictory conditions are satisfied: the address given over the internet, the card or payment instrument’s issuing country, the billing address, the IP address of the device used, the bank account’s country, the SIM card’s country code, or the location of a fixed landline used to receive the service.

Who pays GST when the OIDAR supplier is outside India and the Indian recipient is unregistered?

The overseas supplier itself, as a “non-taxable online recipient” situation - the supplier must register in India (typically under a simplified scheme) and pay IGST directly, rather than the Indian recipient paying it on reverse charge.

Has the legal definition of OIDAR changed recently?

Yes. A 2023 amendment (Finance (No. 8) Act, 2023), now in force since 1 October 2023, removed the words “essentially automated involving minimal human intervention and” from the definition, and redefined “non-taxable online recipient” more broadly. A separate, still-pending amendment would also explicitly add “online gaming” (excluding online money gaming) to the OIDAR examples, but it has not yet been notified into force.

What services are specifically excluded from OIDAR?

Goods supplied with electronic ordering, physical books and newspapers, professional advice given over email, bookings for events, hotels or car hire, courses with live teacher-delivered content, offline physical repairs, and advertising in traditional media (newspapers, posters, television).

Official sources

- CBIC Tax Information Portal - Section 2(16)-(17), IGST Act, 2017 (Definitions: non-taxable online recipient, OIDAR)
- CBIC Tax Information Portal - Section 13, IGST Act, 2017 (Place of supply where supplier or recipient is outside India)
- GST Portal

Related reading

- Taxable Person under GST (2026): Who Must Register, Who is Exempt, and Special Categories

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