

INDIRECT TAX

Changes in GST Rate on Transfer of IP Rights

UPDATE NO. 33 OF 2021



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AMENDMENT OF NOTIFICATION NO. 1/2017-CENTRAL TAX (RATE) VIDE NOTIFICATION NO. 13/2021-CENTRAL TAX (RATE), DATED 27 OCTOBER 2021

- Entry 243 of Schedule II related to permanent transfer of Intellectual Property (IP) right in respect of goods other than Information Technology software has been omitted.
- Entry 452P of Schedule III has been amended to remove reference of '*in respect of Information Technology software*'.
- This amendment has been made effective from 27 October 2021.
- Similar notifications have been issued under IGST Act and UTGST Act.



L&S Comments

- As a result of this amendment, all kinds of transfer of IP rights (when it qualifies to be supply of goods), whether or not related to information technology software, will get covered under Entry 452P of Schedule III, and will be subject to levy of GST at the rate of 18%.
 - This amendment has been made to align with the recent amendment made in Notification No. 11/2017-Central Tax (Rate) whereby all kind of transfer of IP rights (when it qualifies to be supply of services) has been made subject to levy of GST at the rate of 18%.
 - The purpose of bringing uniformity in the rate of GST leviable on transfer of IP rights is to avoid dispute and litigation, irrespective of whether permanent transfer of Intellectual Property is a supply of goods or service.
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