



भारत सरकार /Government of India  
वित्त मंत्रालय राजस्व विभाग  
Ministry of Finance, Department of Revenue  
कार्यालय आयुक्त /Office of the Commissioner  
सी.जी.एस.टी एवं केंद्रीय उत्पाद शुल्क  
Central Goods Service Tax and Central Excise (CGST & CX)  
२९, भरतपुरी प्रशासनिक क्षेत्र २९, Administrative Area, Bharatpuri  
उज्जैन (मप्र)-४५६०१०/Ujjain (MP)-456010.

F.No. I(Gen) 19-04/GST/Trade Notice /18-19

Ujjain, Dated. 28.01.2019

व्यापार सूचना संख्या /Trade Notice No. 41/2018-19

उज्जैन दिनांक/Ujjain, Dated 28.01.2019

Subject: Applicability of GST on Asian Development Bank (ADB) and International Finance Corporation (IFC) - reg.

Attention of the Trade and Industry is invited to the Circular No. 83/02/2019-GST dated 01.01.2019 issued under F. No. 354/428/2018 -TRU by the OSD TRU Ministry of Finance, Department of Revenue, Tax Research Unit New Delhi in respect of "Applicability of GST on Asian Development Bank (ADB) and International Finance Corporation ( IFC) " (Copy enclosed).

2. The contents of the aforesaid Circular may please be brought to the notice of members of your association in particular and public in general.

Encls: As above.

6/4/19  
( Dr. Sandeep Srivastava)  
प्रधान आयुक्त

F. No. 354/428/2018-TRU  
Government of India  
Ministry of Finance  
Department of Revenue  
Tax research Unit  
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North Block, New Delhi,  
Dated the 1<sup>st</sup> January, 2019

To,

The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/  
Commissioner of Central Tax (All) /  
The Principal Director Generals/ Director Generals (All)

Madam/Sir,

**Subject: Applicability of GST on Asian Development Bank (ADB) and International Finance Corporation (IFC) - reg.**

Representations have been received seeking clarification regarding applicability of GST on Asian Development Bank (ADB) and International Finance Corporation (IFC). The matter has been examined.

2. The ADB Act, 1966 provides that notwithstanding anything to the contrary contained in any other law, the Bank, its assets, properties, income and its operations and transactions shall be exempt from all the taxation and from all customs duties. The Bank shall also be exempt from any obligation for payment, withholding or collection of any tax or duty. [Section 5 (1) of the ADB Act, 1966 read with Article 56 (1) of the schedule thereto refers]. DEA has already conveyed vide letter No. 1/28/2002-ADB dated 22-01-2004 addressed to ADB that taxable services provided by ADB are exempted from service tax.

2.1 Similarly, IFC Act, 1958 also provides that notwithstanding anything to the contrary contained in any other law, the Corporation, its assets, properties, income and its operations and transactions authorised by the Agreement, shall be immune from all taxation and from all customs duties. The Corporation shall also be immune from liability for the collection or payment of any tax or duty [Section 3 (1) of IFC Act, 1958 read with Article VI, Section 9 (a) of the Schedule thereto refers].

3. CESTAT Mumbai vide final order dated 17-10-2016 in the case of M/s Coastal Gujarat Power Ltd. has held that when the enactments that honour international agreements specifically immunize the operations of the service provider from taxability, a law contrary to that in the form of Section 66A of Finance Act, 1994 will not prevail. With the provider being not only immune from taxation but also absolved of any obligation to collect and deposit any tax, there is no scope for subjecting the recipient to tax. There is no need for a separate exemption and existing laws enacted by the sovereign legislature of the Union suffice for the purpose of giving effect to Agreements.

4. Accordingly, it is clarified that the services provided by IFC and ADB are exempt from GST in terms of provisions of IFC Act, 1958 and ADB Act. The exemption will be available only to the services provided by ADB and IFC and not to any entity appointed to work on behalf of ADB or IFC.

5. Difficulty if any, in the implementation of this Circular may be brought to the notice of the Board.

Yours Faithfully,

(Shashikant Mehta)

OSD, TRU

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