
	भारत सरकार/ GOVERNMENT OF INDIA प्रधान आयुक्त का कार्यालय/OFFICE OF THE PRINCIPAL COMMISSIONER केन्द्रीय वस्तु एवं सेवाकर एवम उत्पाद शुल्क/CGST & CENTRAL EXCISE RANCHI 5ए, केंद्रीय राजस्व भवन, महात्मा गांधी मार्ग, रांची - 834 001 5A, Central Revenue Building, Mahatma Gandhi Road, Ranchi-834001 दूरभाष/Tel: 0651-2330218; फ़ैक्स/Fax: 0651-2332420: Email: commr-cexranchi@nic.in / comm.ranchi@icegate.gov.in	
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TRADE NOTICE NO. 05/ 2023-24
DATED: 24.07.2023

Subject: Taxability of shares held in a subsidiary company by the holding company.

Kind attention of the Trade & Industries and Departmental Officers is invited to the Circular No. 196/08/2023-GST issued by the Central Board of Indirect Taxes & Customs (hereinafter referred to as 'Board'). The said Circular is available on CBIC website <https://www.cbic.gov.in/> [https://cbic-gst.gov.in.](https://cbic-gst.gov.in/)

2. Various representations have been received from the trade and field formations seeking clarification on certain issues whether the holding of shares in a subsidiary company by the holding company will be treated as 'supply of service' under GST and will be taxed accordingly or whether such transaction is not a supply.


3. In order to clarify the issue and to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act"), hereby clarifies the issues as under:

S. No.	Issue	Clarification
Taxability of share capital held in subsidiary company by the parent company		
1.	Whether the activity of holding shares by a holding company of the subsidiary company will be treated as a supply of service or not and whether the same will attract GST or not.	Securities are considered neither goods nor services in terms of definition of goods under clause (52) of section 2 of CGST Act and the definition of services under clause (102) of the said section. Further, securities include 'shares' as per definition of securities under clause (h) of section 2 of Securities Contracts (Regulation) Act, 1956. This implies that the securities

		<p>held by the holding company in the subsidiary company are neither goods nor services. Further, purchase or sale of shares or securities, in itself is neither a supply of goods nor a supply of services. For a transaction/activity to be treated as supply of services, there must be a supply as defined under section 7 of CGST Act. It cannot be said that a service is being provided by the holding company to the subsidiary company, solely on the basis that there is a SAC entry '997171' in the scheme of classification of services mentioning; "the services provided by holding companies, i.e. holding securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest.", unless there is a supply of services by the holding company to the subsidiary company in accordance with section 7 of CGST Act. Therefore, the activity of holding of shares of subsidiary company by the holding company per se cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST.</p>
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4. All Trade Associations/ Chamber of Commerce, Members of RAC (Organized and SSI) falling within the jurisdiction of Central GST & CX Commissionerate, Ranchi are requested to bring the content of this Trade Notice to the knowledge of their constituent members and other concerns for wider dissemination.

5. Hindi version will follow.


(Dr. Balbir Singh)
Principal Commissioner
CGST & CX, Ranchi.

24/12/23

C.No.GEXCOM/TECH/MISC/598/2023-TECH/

Date: 26 07.2023

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Copy forwarded for information and necessary action to:-

1. Federation of Jharkhand Chamber of Commerce & Industries, Jharkhand Chamber Bhawan, Main Road, Ranchi 834001.
2. Jharkhand Small Industries Association, Udyog Bhawan, Kokar Industrial Area, Kokar, Ranchi-834001
3. The Director General (Systems), Directorate General of Systems & Data Management, 4th &5th Floor, Samrat Hotel, Chanakyapuri, New Delhi-110021.
4. The Director General, Directorate General of Tax-Payer Services, C.R. Building, I P Estate, New Delhi-110002.
5. The Chief Commissioner, Central GST & Central Excise, Ranchi Zone, Patna.
6. The Commissioner (Appeal), Central GST & Central Excise, Ranchi for information please.
7. The Commissioner (Appeal), Central GST & Central Excise, Patna for information please.
8. The Commissioner of State Tax, Government of Jharkhand for information please.
9. The Additional Commissioner, Central GST & Central Excise Sub-Commissionerate, Dhanbad.
10. The Deputy/ Assistant Commissioner, Central GST & Central Excise, Bokaro-I Division/ Bokaro-II Division/ Deoghar Division/ Dhanbad North Division/ Dhanbad South Division/ Giridih Division/ Hazaribagh Division/ Ramgarh Division/ Ranchi North Division/ Ranchi South Division for information please.
11. The Deputy /Assistant Commissioner (Systems), Central GST & Central Excise (Hqrs.), Ranchi, with request to arrange the uploading of the notice on the Departmental website.
12. The Administrative Officer, CGST & CX (H), Ranchi with request to arrange the publishing of notice in local news papers.
13. Notice Board.
14. Guard File.

(G Naveen Kumar)

Assistant Commissioner (Tech)
CGST & CX, Ranchi.