

## **GGT Xvoucher India Technology Services Private Limited – Withholding Tax by Indian Customers**

GGT Xvoucher India Technology Services Private Limited (Xvoucher India) provide the following products to its customers:

<b>Sr. No.</b>	<b>Product</b>	<b>Brief Description</b>
1.	ILT (Instructor Led Training) - SPV (single purpose voucher) / vILT (Virtual Instructor Led Training) - SPV (single purpose voucher)	Instructor led training at an in-person setting by the sponsor. Xvoucher does not employ or contract with the instructor or provide any content.
2.	vILT - MPV (multi-purpose voucher)	Digital long-distance teaching. Live event where instructor and candidates/learners are able to interact in real time
3.	Exams – SPV / Exams - MPV	Online exam where the candidate takes an exam at a testing center or at candidate specified location
4.	Registration Fees	Annual certification and/or continuing education fee for certificate holders
5.	Consulting	Work assisting a client with a technology or other area
6.	Other	Items that are included in a kit, but have no value and/or are not taxed, such as progress reports, terms and conditions and similar types of items

We understand that Xvoucher India would sale the above product as a voucher and the actual service for the same would be rendered by sponsor and/or its authorized entities. While Xvoucher India does not provide the underlying services for the aforementioned products, Indian customers would apply withholding taxes, as if such services are received from Xvoucher, since they would not have any financial transaction with the sponsors and/or its authorized entities.

Typically, the customers would be classified in the following categories:

<b>Sr. No.</b>	<b>Type of Customer</b>	<b>Whether liable to deduct tax at source</b>
1.	Individuals or HUF – liable to tax audit as per the Act i.e. having turnover exceeding INR 1 crore in case of those carrying out business or 50 lakhs in case of professionals and payment is not exclusively for personal use	Yes
2.	Individuals – other than above	No
3.	Others – body corporate, firms, LLP, etc.	Yes

### **Withholding Tax rate if the above are perceived as services:**

In our view the nature of services received by the Indian customers is the training, education facility, technical support services or a training management service. Accordingly, withholding tax on the same should be applicable as ***'fees for technical services'***.

Payment for professional services or technical services to a resident company is liable for withholding tax under section 194J of the Income-tax Act, 1961 (the 'Act'), at the rate of 10% and 2% respectively. Given that underlying services of the voucher sold by Xvoucher India is a technical service, the same should be liable for withholding tax @ 2%. Further, kindly note that as per Section 194J there would not be any withholding tax if the aggregate amount of transaction during a financial year does not exceed INR 30,000.

Withholding Tax rate, if the above are perceived as goods:

Alternatively, if customers perceive the sale of vouchers as goods, they shall be covered for withholding tax under section 194Q of the Act.

Payment for purchase of goods is liable for withholding tax under section 194Q of the Act by the purchaser of voucher, at the rate of 0.1% for transactions exceeding an aggregate of INR 50 lakhs during the financial year with Xvoucher India.