



## PHONOGRAPHIC PERFORMANCE LTD.

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13.4.2018

To: Member (music label) of PPL

**Sub: GST compliance by you on licence fees/royalty distributed by PPL to you**

As you would be aware, GST (Goods & Service Tax) provisions came into force w.e.f. **1.7.2017**. We have noticed that some of our members' have not communicated their GST registration details to us nor sending GST invoice to us on royalty/licence fees distributed from time to time.

PPL is an association of member music labels for their sound recording works, which collects royalty from licensees and distributes the same to its members' after recouping its expenses at actuals. Hence, PPL operates on the 'principle of mutuality'.

The onus is on the members' to raise **timely** tax invoice with the prescribed fields (as prescribed in Invoice rules) on the license fees payouts to them. PPL shall pay GST only on timely receipt (as prescribed in the Invoice rules) of proper tax invoice from the member.

Further, it is interpreted that any royalty payment to a member who is located outside Maharashtra (which is the principal place of business of PPL from where invoices and licenses are being issued), then such transaction could amount to an inter-State supply and the member could be liable for compulsory registration as per section 24 of CGST Act, 2017. The extract of section 24 is as follows:

*Notwithstanding anything contained in sub-section (1) of section 22 of CGST Act, 2017, the following categories of persons shall be required to be registered under this Act, inter alia includes-*

*"persons making any inter-state taxable supply".*

It is learnt that the CBEC has notified exemption from obtaining registration for those service providers whose annual aggregate turnover is less than Rs.20 lacs (Rs.10 lacs in special category states except J & K), even if they are making inter-State taxable supplies of services, as under (the website link to the notification provided):

<https://cdn.caclub.in/wp-content/uploads/cbec-notification-10-2017-integrated-tax-dt-13-oct-2017-inter-state-services-providers-registration-exemption-within-threshold-notified.pdf>

You may seek legal opinion or advice from your tax consultants and comply with the GST provisions. Please note that PPL shall not be held responsible for the consequences of your failure to register under or comply with GST.

In this connection, we urge members' who have obtained GST registration to share with us your GST registration number along with a copy of your GST Registration Certificate, if you haven't already done. Also, un-registered members are requested to intimate us in writing, by email or letter, the reason for their not obtaining the registration under GST and other relevant particulars.

Thanking you,

For Phonographic Performance Ltd

  
Compliance Team

