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## Western Union Money transfer service – Export of services

A three member bench of the Tribunal, in *Paul Merchants Ltd v. CCE (2012-TIOL-1877-CESTAT-DEL)* by majority held that the services provided by the Indian agents and sub-agents of the Western Union Network Ltd, Ireland (WU) qualify as export of services.

The point in question was whether the “recipient” of the service provided by agents of WU in India was WU located abroad or the people in India who received the money.

The Tribunal observed that the service tax is a consumption based tax and the beneficiary of the money transfer services of WU’s agents in India is WU located abroad. The destination has to be decided on the place of consumption and not the place of performance of the service.

The Tribunal also held that since the WU and its customers are located abroad, the reimbursement of advertisement expenses incurred by agents/sub-agents in India in relation to services provided by WU would also qualify as export of services.

Earlier on difference of opinion, the two member bench of the Tribunal referred the matter to the third member with specific points of differences. This judgement has been delivered by rule of majority and is common judgment against 42 different appeals involving similar issues.

This case is a landmark case on the issue of export of services and the judgment had been keenly awaited for some months now.

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