

Umang Talati

Introduction A corporate guarantee is a guarantee given by a Corporate Entity say a Holding Company to cover its own exposure or exposure of some other related entity to their bank. It is merely an act by the holding company of providing an instrument for securing loans by the subsidiary. Corporate guarantees are issued in order to safeguard the financial health and or facilitate business of their associate enterprises and to provide it support. The issue of indirect taxes on corporate guarantee has been a matter of contention since the service tax era. The Department has been steadfast on trying to tax such transactions. Under the GST laws, the scope of Supply is quite wide. It includes almost all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of busi.....