



Goods & Services Tax

Educational Series

PD & PP: GST: 362

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Scope of Principal and Agent Relationship in the context of Del-Credere Agent (Part I)

Who is Del-Credere Agent (DCA)?

In commercial trade parlance, a DCA is a selling agent who is engaged by a principal to assist in supply of goods or services by contacting potential buyers on behalf of the principal.

The factor that differentiates a DCA from other agents is that the DCA guarantees the payment to the supplier.

In such scenarios where the buyer fails to make payment to the principal by the due date, DCA makes the payment to the principal on behalf of the buyer (effectively providing an insurance against default by the buyer), and for this reason the commission paid to the DCA may be relatively higher than that paid to a normal agent.

Source: Circular No. 73/2018 dated November 05, 2018