

GUJARAT AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX A/5, RAJYA KAR BHAVAN, ASHRAM ROAD, AHMEDABAD – 380 009.	
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ADVANCE RULING NO. GUJ/GAAR/R/2022/03
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2021/AR/45)

Date: 07.03.2022

Name and address of the applicant	:	M/s. Intas Pharmaceutical Ltd., Subplot No A, Final Plot No. 255, TPS No. 38, Intas Corporate House, Nr. Thaltej Cross Road, SG Highway, Thaltej, Ahmedabad 380054
GSTIN/ User Id of the applicant	:	24AAACI5120L1ZU
Date of application	:	08/12/2021
Clause(s) of Section 97(2) of CGST / GGST Act, 2017, under which the question(s) raised.	:	(e) and (g)
Date of Personal Hearing	:	18/02/2022
Present for the applicant	:	Shri Sreeram Kaza, Vice President of Indirect Taxation
Present for the Revenue	:	Shri Asharam Meena, Asstt. Commr. And Shri Neel Kumar, superintendent

Brief facts :

M/s. Intas Pharmaceuticals Limited., hereinafter referred to as Intas for the sake of brevity, has sought Ruling on whether it is required to charge GST on the amount collected from its employees towards canteen charges. Intas is providing canteen facility to their employees at a concessional amount and recovering a part of the total cost of food and beverages from its employees and the balance cost is borne by Intas. Intas does not retain any profit margin in the activity of collecting employee's portion of canteen charges.

2. Question on which Advance Ruling sought:

Whether GST, at the hands of the applicant, is leviable on the amount representing the employees portion of canteen charges, which is collected by the applicant from employees and paid to the Canteen Service Provider.

3. Personal Hearing:

Personal hearing granted on 18-2-22 was attended by Shri Sreeram Kaza and he reiterated the submission. Shri Ashram Meena, Assistant Commissioner and Shri Neel Kumar, superintendent have appeared on behalf of the Revenue.

4. Revenue's Submission:

The Revenue vide letter F. No. IV/16-19/MP/2020-21 dated 28-12-21 has submitted point wise comments as follows :

- (i) As information received from taxpayer, the activity/service in respect of which an Advance Ruling has been sought is an 'ongoing activity'.
- (ii) The question/ issues raised in the application are not pending or decided on any proceeding in the case of applicant
- (iii) The issue raised by the taxpayer is that whether GST, at the hands of taxpayer, is leviable on the amount representing the employees' portion of canteen charges, which is collected by the taxpayer from the employees and paid to the canteen service provider. The taxpayer is recovering partial amount, on monthly basis, to ensure use of canteen facility to their employees only. Once an employee ceases to be in employment with applicant, he/she is not authorized to use the canteen facility. In other words, employer-employee relationship is must to avail this facility. The taxpayer deduct partial amount from employees' salary for availing canteen facility and pay to the canteen service provider.
- (iv) In view of the above, the issue raised by the taxpayer should be viewed in light of various ruling and facts and circumstances submitted by the taxpayer and may be decided on the merits.

FINDINGS:

5. We find that Intas has arranged a canteen for its employees, which is run by a Canteen Service Provider. As per their arrangement, part of the Canteen charges is borne by Intas whereas the remaining part is borne by its employees. The said employees' portion canteen charges is collected by Intas and paid to the Canteen Service Provider. Intas submitted that it does not retain with itself any profit margin in this activity of collecting employees' portion of canteen charges. Thus, we pass the Ruling:

RULING

GST, at the hands of the Intas, is **not** leviable on the amount representing the employees portion of canteen charges, which is collected by Intas and paid to the Canteen service provider.

(ATUL MEHTA)
MEMBER (S)

(ARUN RICHARD)
MEMBER (C)

Place: Ahmedabad

Date: 07.03.2022