

AUTHORITY FOR ADVANCE RULING, TAMIL NADU
No.207, 2nd FLOOR, PAPJM BUILDING, No.1, GREAMS ROAD,
CHENNAI 600 006.

ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND
UNDER SECTION 98(4) OF THE TNGST ACT, 2017

Members present:

Shri C. Thiyagarajan, I.R.S.,
Additional Commissioner/Member (CGST),
Office of the Commissioner of GST and Central
Excise, Audit I Commissionerate,
Chennai - 600 101.

Shri B. Suseel Kumar, B.E., MBA.,
Joint Commissioner/Member (SGST),
Authority for Advance Ruling,
Tamil Nadu,
Chennai - 600 006.

Advance Ruling No. 60/ARA/2025, dated 16.12.2025

1. Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-Section (1) of Section 100 of CGST Act 2017/TNGST Act 2017, within 30 days from the date on which the ruling sought to be appealed is communicated.
2. In terms of Section 103(1) of the Act, Advance Ruling pronounced by the Authority under Chapter XVII of the Act shall be binding only-
 - (a) On the applicant who had sought it in respect of any matter referred to in sub-section (2) Section 97 for advance ruling.
 - (b) On the concerned officer or the Jurisdictional Officer in respect of the applicant.
3. In terms of Section 103(2) of the Act, this Advance Ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.
4. Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.
5. The provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act (herein referred to as the Act) are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Services Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Services Tax Act.

GSTIN Number, if any/User id	33AAFCF9204P1ZC
Legal Name of Applicant	M/s. Frutta Services Private Limited
Trade Name of Applicant	M/s. Frutta Services Private Limited
Registered Address / Address provided while obtaining User id	No. 5, Gordan Woodrofe Nagar, 4 th Main Road, Keelakattalai, Tambaram, Chennai - 600 117
Details of Application	Application Form GST ARA-01 received from the applicant on 28.05.2025.
Jurisdictional Officer	State - Chengalpattu Division, Tambaram Zone, Pallavaram Circle. Center- Chennai Outer Commissionerate, Pallavaram Division, Kundrathur Range
Nature of activity (s) (proposed/present) in respect of which advance ruling sought for Category	Wholesale Business
Description (in brief)	The applicant is engaged in supply of food and beverages to Corporates. The applicant neither prepares the food and beverages nor serves them in the Client's canteen; they procure it from third-party sources in a packed condition and supply it to their clients through outsourced logistics provider. The serving of food in the canteen is managed by the client.
Issues on which advance ruling required	Admissibility of Input Tax Credit of tax paid or deemed to have been paid
Question(s) on which advance ruling is required	Whether the assessor can claim input tax credit (ITC) and charge the client according to the category of supply of goods?

M/s. Frutta Services Private Limited, No. 5, Gordan Woodrofe Nagar, 4th Main Road, Keelakattalai, Tambaram, Chennai – 600 117 (hereinafter called as the “Applicant”) are registered under the GST Act with GSTIN 33AAFCF9204P1ZC. The applicant stated that they are engaged in supply of food and beverages to Corporates for distributing to staff; that the applicant neither manufactures nor prepares the food and beverages; that they have various kitchens and vendors registered with them from whom goods are picked either in individual packing or bulk packages and delivered to the client’s location; that the serving of food in the staff canteen is managed by the client; that there is no element of manufacturing or preparing or processing of foods by the applicant and the whole transaction is like an aggregator.

2. The Applicant has made a payment of application fees of Rs.5,000/- each under sub rule (1) of Rule 104 of CGST Rules, 2017 and SGST Rules, 2017.

2.1 The applicant has sought advance ruling on the question as to whether the applicant can claim Input Tax Credit (ITC) and charge the client according to the category of supply of goods.

3. Interpretation of Law by the Applicant based on the statement of facts:

3.1 On interpretation of law, the applicant has stated that under Section 16 (1) to 16 (4) of the CGST Act, 2017, a registered person is entitled to claim ITC on goods or services used in the course or furtherance of business. However, Section 17(5)(b) restricts ITC on food and beverages, except when

(a) the taxable person provides the same category of goods / services as outward supply, or

(b) They are used for providing restaurant services

3.2 Since the applicant is procuring food items and delivering them to corporate clients (not manufacturing or preparing food), they appear to qualify under the first exception – providing same category of goods as outward supply. It was also opined by the applicant that it is a case of

supply of goods and not supply of service and as it is in the same line of business, they are eligible for ITC.

4.1. Prima facie, we find that the queries raised by the applicant get covered under clause (d) of the Section 97(2) of the CGST Act, 2017, and as such are liable to be admitted.

4.2 The applicant is under the administrative control of Central Tax Authority. The concerned Authorities of the Centre and State were addressed to report the detailed remarks and no pendency report on the questions raised by the applicant in their ARA application.

4.3 Since, no remarks have been received from the Central or State GST jurisdictional Authorities, it is construed that there are no pending proceedings against the applicant on the questions raised by them in their advance ruling application

5. Personal Hearing

5.1 The applicant was given an opportunity to be heard in person on 07.10.2025. Mr. K. Kavcyan, Director, M/s. Frutta Services Private Limited, Chennai and Mr. S. N. Balasubramaniam, CA appeared for the personal hearing as the authorized representatives (AR) of M/s. Frutta Services Private Limited, Chennai. The AR reiterated the submissions made in their application for advance ruling.

5.2 The AR informed that they are engaged in the business of supplying food to corporate entities purely as aggregator / facilitator of food supply; that they do not have their own kitchen; that they procure cooked food from empaneled kitchens, coordinate delivery to the corporate entities through outsourced logistics providers. The AR emphasized that they are essentially engaged in resale / distribution of food and ancillary supply of services and not in cooking / restaurant activity. The AR provided additional submissions during the personal hearing in the form of copies of Kitchen agreement with an independent kitchen, service agreement with a corporate entity, renewal

agreement, invoices raised on the corporate entities and a brief note on the business of the applicant.

5.3 The Members asked whether menu is provided by the Corporate entities to which the AR replied that the corporate entities provide menu of food items to be supplied, and based on the menu, they procure food items from the outsourced kitchens; if there are any packed / branded items in the said menu, that packing also is dealt by the outsourced kitchen. To the Members' query as to whether the applicant is registered with FSSAI, the AR replied that they are registered with FSSAI as food aggregators. The AR also informed that they do not fall under the category of Outdoor Caterers; that they are traders and are currently raising invoices on the consumers and collecting tax at the rate of 5% without claiming ITC.

6. Discussions and Findings:

6.1 We have considered the submissions made by the applicant in their application, copies of the relevant documents furnished by them, the submissions made during the personal hearing. We find that the applicant, is engaged in delivery of Lunch / Dinner at the Client locations in accordance with the menu mutually agreed with the Clients. As part of the activity, the applicant has entered into two agreements, one with the vendors of the applicant who carry out preparation and packing of food. This agreement is termed as 'Kitchen Agreement'.

The salient features of the Kitchen Agreement are as follows:

- i. Food quality, taste and quantity are the critical scope of the Kitchen Agreement. Kitchen should ensure taste, quality and promised quantity to ensure no deviation from service levels.
- ii. Timely preparation is critical for timely delivery of the products to the end consumer. As Frutta operates on just in time deliveries with batching of products during delivery, it is necessary for the kitchens to keep the products ready 10 mins before the actual pickup time. Any delay in pickup would cause delays in the entire supply chain.

- iii. Frutta would take care of the delivery of the products. A common pickup point would be finalized to pick up the products from the Kitchen by Frutta's logistics team.
- iv. To increase orders from Frutta, Kitchen needs to prepare products with good quality and taste and pack the products neatly in cartoon boxes on time.
- v. Kitchens are advised to,
 - a. Possess updated copy of FSSAI certificate at all times
 - b. Regularly sanitize the kitchen
 - c. Instruct everyone who handle the products wear head cap and gloves
- vi. Kitchens are requested to cooperate for any random inspection which client or Frutta might carry out to check product quality, hygiene and preparation.

6.2 The other agreement of the applicant is with their clients / customers, who are corporates / companies, for supply of food at their locations. This agreement is termed as 'Service Agreement'. As per the said agreement, Frutta, the applicant, shall deliver lunch, Dinner at the client's location in accordance with the menu mutually agreed by the applicant and their client. The overall scope of service supplied by the applicant constitutes the following:

- i. Work with applicant's partner Kitchens to prepare the menu for each week and submit for their clients' approvals.
- ii. Have applicant's Quality Assurance (QA) team to do periodic reviews and checks with the kitchen on its hygiene and best practices.
- iii. Arrange the delivery of the food from the partner Kitchen to the client location through its designated delivery partners.
- iv. Arrange the pick-up of delivery vessels from the client location.

6.3 Other services performed by the applicant as per Annexure - I to the service agreement are Menu preparation and Logistics. Apart from these activities, the Service Agreement also discusses 'Minimum Order Quantity',

'Delivery Schedule', 'Cancellation' 'Feedback' etc. The Applicant would charge their clients according to the quantity of food supplied on a monthly basis.

6.4 The applicant claims that they function purely as an aggregator / facilitator of food supply, not as a restaurant or caterer. The applicant has entered into kitchen agreement with their vendors / kitchens to gather food and beverages as per the requirement of their clients. The applicant has also undertaken a comprehensive service agreement with their clients to ensure supply of hygienic food based on a mutually agreed menu, up to the location of the client in a timely manner. Accordingly, the applicant has sought advance ruling on the question as to whether the applicant can claim Input Tax Credit (ITC) and charge the client according to the category of supply of goods.

6.5 The applicant is of the view that the activity undertaken by them falls under supply of goods. The applicant has stated that under Section 16(1) to 16(4) of the CGST Act, 2017, a registered person is entitled to claim ITC on goods or services used in the course or furtherance of business. However, Section 17(5)(b) restricts ITC on food and beverages, except when

- (a) the taxable person provides the same category of goods / services as outward supply, or
- (b) They are used for providing restaurant services

6.6 Since the applicant is procuring food items and delivering them to corporate clients (not manufacturing or preparing food), it is claimed by the applicant that they qualify under the first exception – providing same category of goods as outward supply. It was also opined by the applicant that it is a case of supply of goods and not supply of service and as they are in the same line of business, they are eligible for ITC.

6.7 At this juncture, it becomes imperative to ascertain as to whether the said activity of the Applicant, constitute a supply of 'goods', or a supply of 'service'. Schedule II to the CGST Act, 2017 lists the activities to be treated as supply of goods, or, supply of services. In this regard, we find that para 6

of Schedule II, which discusses about 'Composite supply' is relevant to the issue in question, and the same is reproduced below:

6. Composite supply: The following composite supplies shall be treated as a supply of services, namely: —

(a) works contract as defined in clause (119) of Section 2; and

(b) supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

6.8 Section 2 (30) of the CGST Act, 2017 defines 'Composite Supply' as:

(30) "composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

Illustration. - Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;

6.9 The applicant undertakes to deliver food items at the client's location. Apart from this, the applicant is also involved in the overall logistics relating to the delivery of food to the client, i.e., (i) in getting the food prepared as per the menu mutually agreed upon by the applicant and their client; (ii) in taking delivery of the cooked food from the kitchen location; (iii) in transportation of the food to the location of the client; (iv) in ensuring the quality standards of the food prepared; (v) in enforcing the maintenance of hygiene at the kitchen location where the food is prepared; etc. It is to be understood here that the applicant is not just trading in packed/branded food items, they undertake pickup and delivery of fresh cooked food at the doorstep of the client, they are also involved in providing an array of logistics

services including transportation and ensuring quality/hygiene. We are therefore of the opinion that the activity, per se, of the applicant cannot be considered as a mere 'supply of goods', but as the applicant is involved in providing a composite supply, with supply of logistics services along with supply of food, the same is liable to be treated as a 'supply of service' as laid down in clause (b) to para 6 of Schedule II to the CGST Act, 2017.

6.10 Having held that the activity of the applicant amounts to 'supply of service', it becomes imperative to ascertain the classification of service in order to determine the taxability of the service involved. In this regard, we find that the Annexure to the Notification No.11/2017-CT(Rate) dated 28.06.2017 lists the classification of services and the extract of the relevant Chapter, Section Heading or Group, is reproduced as under :

Annexure: Scheme of Classification of Services

Sl No.	Chapter, Section Heading or Group	Service Code (Tariff)	Service Description
80	Group 99633	996337	Food, edible preparations, alcoholic and non-alcoholic beverages serving services Other contract food services

6.11 The explanation given in the explanatory notes to the services in respect of the heading 996337 states as follows:

"996337 Other contract food services

This service code includes food preparation and/or supply services based on contractual arrangements with the customer, at institutional, governmental, commercial or industrial location/s specified by the customer other than for transportation companies, on an ongoing basis; food service concession services, i.e. the provision of operating services by operators of eating facilities such as canteens and cafeterias."

It may be seen from the above, that irrespective of the fact whether a person undertakes preparation of food, and, supply services, or whether a person undertakes just supply services involving food, both the category of services fall within the same service accounting code. We find that in the instant case, the applicant supplies food based on a contractual arrangement with the customer, at institutional or industrial location specified by the customer on an ongoing basis. We are therefore of the opinion that the overall supply of food services rendered by the Applicant falls rightly under the SAC 996337.

6.12 Now that the SAC of the service activity is arrived at, we proceed to determine the rate of tax on the said supply of service. The rate of tax adopted for the activity of the Applicant is as per Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, which notifies the Central Tax applicable on various services, as amended, is reproduced below:

Sl No.	Chapter, Section or Heading	Description of Service	Rate (percent.)	Condition
7	Heading 9963 (Accommodation, food and beverage services)	(i) Supply of 'Hotel accommodation' having value of supply of unit, accommodation above one thousand rupees but less than or equal to seven thousand five hundred rupees per unit per day or equivalent.	6	-
		(ii) Supply of 'restaurant service' other than at 'specified premises'	2.5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken

(iii) Supply of goods, being food or any other article for human consumption or any drink, by the Indian Railways or.....	2.5	-do-
(iv) Supply of 'outdoor catering' at premises other than 'specified premises' provided by any person ...	2.5	-do-
(v) Composite supply of 'outdoor catering' together with	2.5	-do-
(vi) Accommodation, food and beverage services other than (i) to (v) above	9	-

6.13 The explanation given in para 4 of the Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No.20/2019-Central Tax (Rate) dated 30.09.2019 for Restaurant Service, Outdoor Catering Service, Hotel Accommodation Service is as follows: -

“(xxxii) ‘Restaurant service’ means supply by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied.

(xxxiii) ‘Outdoor Catering’ means supply, by way of or as part of any service of goods, being food or any other article for human consumption or any drink, at Exhibition halls, Events, Conferences, Marriage Halls and other outdoor or indoor functions that are event based and occasional in nature.

(xxxiv) 'Hotel accommodation' means supply by way of accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes including supply of time share usage rights by way of accommodation.

From the above, the following could be deduced, i.e.,

- i. Restaurant service covers only services provided by restaurant, mess or canteen, thereby, the activity undertaken by the Applicant under a contract to Corporates would not be covered under 'restaurant service'.
- ii. The said activity of the Applicant would not be covered under 'outdoor catering service' as the applicant is not involved in the preparation of food, and as the same is not an event based or an occasional service.
- iii. It is quite obvious that the service in question, will not be covered under 'hotel accommodation service'.

6.14 As the service carried out by the Applicant does not fit into the category of services covered under Sl. Nos. 7(i) to 7(v) of the service rate Notification No.11/2017-CT(Rate), dated 28.06.2017, as amended, we are of the considered opinion that the activity of supply of food undertaken by the Applicant under a contract falls under entry No.7(vi), being the residual entry, thereby attracting GST at 18% (9% CGST and 9% SGST).

6.15 Moving on to the the specific query raised by the applicant as to whether they can claim input tax credit (ITC) and charge the client according to the category of supply of goods, it could be seen from the aforesaid discussion that the activity undertaken by the applicant amounts to supply of service falling under the tariff heading 996337. Under the facts and circumstances of the instant case, we are of the opinion that the applicant cannot charge GST according to the nature of food being supplied by them, and that they are liable to charge GST at 18% (9% CGST and 9% SGST) on the supply of service involving food to their clients, as per Sl. No. 7(vi) of the Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, as amended.

6.16 Regarding the eligibility for claim of ITC by the applicant, we find that Sl. No. 7(vi) of the Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, as amended, does not have any condition as could be seen in column No.5 of the table above in para 6.12. That is to say, while the other entries from Sl.Nos. 7(ii) to 7(v) of the aforesaid table carries conditions for availment of ITC, viz., "Provided that credit of input tax charged on goods and services used in supplying the service has not been taken", Sl.Nos. 7(i) and 7(vi) does not have any such stipulated conditions. Further, we find that ITC on food and beverages is a blocked credit, as per Section 17(5)(b) of the CGST Act, 2017, which reads as,

"(b) the following supply of goods or services or both—

***food and beverages**, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein, life insurance and health insurance:*


***Provided** that the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;"*

Since it is clear that the inward supply of goods/service is actually used by the applicant for making an outward composite supply of food and service, in the same line of business, we are of the opinion that they fall under the exclusion clause provided under the proviso to Section 17(5)(b)(i) of the Act, *ibid*, and accordingly, are eligible to avail ITC

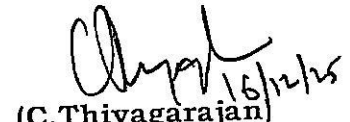
7. Based on the above discussion, we rule as under:

RULING

- (a) No, the applicant cannot charge GST on the outward supply of food to the client according to the category of inward supply of goods received by them. The applicant is required to pay tax on the composite supply of service involving supply of food, at the rate of 18% (9% CGST and 9% SGST) as per Sl. No. 7(vi) of the Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, as amended.
- (b) The applicant is eligible to avail ITC on the inward supply of goods/service as discussed in para 6.16 above.


(B. Suseel Kumar)
Member (SGST)




(C. Thiyagarajan)
Member (CGST)

To

M/s. Frutta Services Private Limited
No. 5, Gordan Woodroffe Nagar, 4th Main Road,
Kccalakattalai, Tambaram, Chennai - 600 117.

(By RPAD)

Copy submitted to

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2. The Commissioner of Commercial Taxes,
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3. The Commissioner of GST and Central Excise,
Chennai Outer Commissionerate,
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Chennai, Tamil Nadu 600 040.

Copy to

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