

**AUTHORITY FOR ADVANCE RULING, TAMIL NADU**  
**No.207, 2<sup>nd</sup> 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:**

<b>Shri C. Thiyagarajan, I.R.S.,</b> <b>Additional Commissioner/Member (CGST),</b> <b>Office of the Commissioner of GST and</b> <b>Central Excise, Audit I Commissionerate,</b> <b>Chennai - 600 101.</b>	<b>Shri B. Suseel Kumar, B.E., MBA.,</b> <b>Joint Commissioner/Member (SGST),</b> <b>Authority for Advance Ruling,</b> <b>Tamil Nadu,</b> <b>Chennai - 600 006.</b>
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**Advance Ruling No. 49/ARA/2025, dated 17.11.2025**

- 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	33AALCB2798J1Z9
Legal Name of Applicant	B2B Trucks Private Limited
Trade Name of Applicant	B2B Trucks Private Limited
Registered Address/ Address provided while obtaining User id	No.23/ Flat No.3, Mayflower Apartment, First Floor, Satyanarayana Avenue, R A Puram, Chennai – Pin Code : 600 028.
Details of Application	Application Form GST ARA-01 received from the applicant on 06.06.2025.
Jurisdictional Officer	<b>Centre</b> – Chennai South Commissionerate, Range-IV, Division - Guindy.  <b>State</b> – Kotturpuram Assessment Circle, South-II Zone, Chennai (South) Division.
Nature of activity (s) (proposed/ present) in respect of which advance ruling sought for  A. Category  B. Description (in brief)	Service Provision  The applicant is operating an online portal to facilitate connecting shippers and carriers located across all states of India, without directly undertaking any responsibility for the physical movement of goods. After paying major portions of freights directly to carriers, the shippers deposit the balance amounts of the freight into their escrow account for forwarding it in full to the carrier's accounts upon their fulfilling deliveries. Their role is only facilitating transfer of funds as received, without any charge or mark up or deductions or utilization, as part of their obligation for the subscriptions that they receive from shippers and carriers. They shall pay GST on subscription separately as applicable.
Issues on which advance ruling required	Determination of the liability to pay tax on any goods or service or both

Question(s) on which advance ruling is required	Requesting for GST exemption in respect of an escrow deposit account to be opened and operated by them solely to facilitate forwarding of freight amounts as deposited by shippers to the accounts of carriers without any deduction.
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M/s. B2B Trucks (P) Ltd., No.23/Flat No.3, Mayflower Apartment, First Floor, Satyanarayana Avenue, R A Puram, Chennai, PIN Code 600028. (hereinafter called as the "Applicant") are registered under the GST Act with GSTIN 33AALCB2798J1Z9. The applicant has sought advance ruling on the following question:

**"Requesting for GST exemption in respect of an escrow deposit account to be opened and operated by them solely to facilitate forwarding of freight amounts as deposited by shippers to the accounts of carriers without any deduction."**

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.

3. The applicant is operating an online portal to facilitate connecting shippers and carriers located across all states of India, without directly undertaking any responsibility for the physical movement of goods. After paying major portion of freight directly to carriers, the shippers deposit the balance amounts of the freight into their escrow account for forwarding it in full to the carrier's accounts upon their fulfilling deliveries. Their role is only as a Pure Agent under Rule 33 of GST Rules, as part of their obligation for the subscriptions for facilitating transfer of funds as received, without any charge or mark up or deductions or utilization they receive from shippers and carriers. They shall pay GST on subscription separately as applicable.

4. The applicant falls under the administrative jurisdiction of 'Center'. Since, no remarks have been received from the Central and 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 vide this office memorandum No.24/ARA, dated 29.09.2025. Sri. S. Venkat and Gautam Venkat, the Directors of M/s. B2B Trucks (P) Ltd. appeared for the personal hearing and reiterated the submissions made in their application for advance ruling.

5.2 They furnished additional submissions during the Personal Hearing containing copies of the original application, a correction request, Objective (Memorandum), etc. They further added that the mention of 'Escrow Account', in the 'Statement of relevant facts' as furnished in the original application may be treated as a 'Current Account' and that all other relevant facts in relation to the case, remain the same. Accordingly, they requested that the 'Correction Request', furnished along with the additional submissions filed during the personal hearing may be taken on record and Advance Ruling be considered accordingly.

5.3 The Members enquired whether they act as a 'Pure Agent' in respect of the amounts received by them, to which they replied that they act as 'Pure Agent' in this case, and that their role is restricted only to facilitating transfer of funds as received on receipt of POD (Proof of Delivery), without any charge or mark up. When the Members enquired about the consideration they would be receiving for rendering such service, they replied that they receive an amount of Commission from the shippers and carriers, on which GST is payable.

## **6. Discussions and Findings:**

6.1 We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made during the course of personal hearing. We have also considered the issue involved, the

relevant facts and the applicant's submission/interpretation of law in respect of the question on which a ruling is sought.

6.2 Regarding the business model adopted in the instant case by the applicant, it is seen that they have stated that they operate an online portal to facilitate connecting shippers and carriers located across all states of India, without directly undertaking any responsibility for the physical movement of goods. After paying major portions of freights directly to carriers, the shippers deposit the balance amounts of the freight into their escrow account for forwarding it in full to the carrier's accounts upon their fulfilling deliveries. The applicant reports that their role is restricted to being a Pure Agent under Rule 33 of GST Rules, as part of their obligation for the subscriptions for facilitating transfer of funds as received, without any charge or mark up or deductions or utilization they receive from shippers and carriers. They have also reported that they shall pay GST on subscription separately as applicable.

6.3 In this regard, we also find that through a 'Correction Request' filed during the personal hearing on 07.10.2025, the applicant has stated as follows :-

- Under the Statement of relevant facts in the application, it was stated that "*Shippers shall deposit the balance amount of freight into our escrow account for forwarding it in full to the carriers accounts upon fulfilling deliveries*".
- On further review of the operational requirements, the Applicant respectfully submits that instead of an escrow account, a **separate current account** will be used for routing the said freight amount and the amount involved may be part or full freight amount. The change does not affect the essential condition that the freight amount will be released to the carrier only upon submission of POB - **remains unchanged**.
- The correction above is limited only to the **mode of banking arrangement**. The legal question for determination before this Hon'ble Authority, namely whether the Applicant qualifies as a *pure agent* under Rule 33 in respect of forwarding the freight amount to the carrier, remains unaltered.
- The Applicant, therefore, prays that this clarification may kindly be taken on record and the application for Advance Ruling be considered accordingly.

Given the facts and circumstances aforesaid, we are of the opinion that it becomes imperative to ascertain whether the amount involved herein shall be treated in the nature of a 'consideration' for a supply effected, if any, and whether the transaction involved herein constitutes a 'supply' under the CGST/TNGST Acts, 2017.

6.4 To begin with, the basic aspect as to whether the amount involved herein shall be treated as a 'consideration' as defined under the provisions of GST, is required to be examined. As per Section 2(31) of the CGST Act, 2017, the term 'consideration' is defined as follows :-

*“(31) **“consideration”** in relation to the supply of goods or services or both includes—*

*(a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;*

*(b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:*

*Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;*

6.5 Under the 'statement of relevant facts' in the application, the applicant states that for facilitating transfer of funds as received, without any charge or mark up or deductions or utilization, they receive subscriptions from shippers and carriers. In this regard, when the Members raised a specific query during the personal hearing held on 7.10.2025, as to whether they act as a 'Pure Agent' in respect of the amounts received by them, they replied that they act as 'Pure Agent' in this case, and that their role is restricted only to facilitating transfer of funds as received on receipt of POD (Proof of Delivery), without any charge or mark up. In this regard, we observe that as per the definition of 'pure agent' as defined under the 'Explanation' to rule 33 of the CGST Rules, 2017, a 'pure agent' is one who while making a supply

to the recipient, also receives and incurs expenditure on some other supply on behalf of the recipient and claims reimbursement (at actuals, without adding it to the value of his own supply) for such supplies from the recipient of the main supply. In the instant case, it is clear that the applicant does not receive any other supply on behalf of the recipients or incurs any expenditure in relation to the same, and therefore we are of the opinion that the concept of 'pure agent' does not apply to the instant case. Further, the applicant reports that the only consideration that the applicant receives as a facilitator for transfer of such funds, is in the form of subscription from the shippers and carriers, on which the applicant undertakes to pay GST as applicable.

6.6 It may be seen that clause (a) to Section 2(31) of the CGST Act, 2017, considers 'consideration' as any payment made or to be made, (a) in respect of, (b) in response to, or (c) for the inducement of, supply of goods or services or both, whether by the recipient or by any other person. From the above, it is clear that any payment by the recipient or by any other person merits consideration as a 'consideration', provided the said payment is effected in respect of, in response to or for the inducement of supply of goods or services or both. However, from the 'facts of the case' furnished by the applicant, we come to understand that the actual flow of service (freight) happens between the shippers and carriers and a major part of the payment, i.e., consideration also takes place between the said parties. As reported by the applicant, only the balance portion of the freight amount is transferred to the current account of the applicant for forwarding it in full to the carrier's accounts upon fulfilling their (carrier's) delivery obligation. Therefore, though the balance freight amount may be considered as a payment to be made in lieu of the freight services rendered by the carrier to the shipper, it is clear the said freight amount held by the applicant is not in respect of any supply of goods or services or both by the applicant, in any manner. Accordingly, the balance amount held by the applicant cannot be considered as a 'consideration' from the perspective of the applicant.

6.7 Notwithstanding the same, even in the event of considering the deposit as 'consideration', it is seen that the proviso to Section 2(31) of the CGST Act, 2017, which defines the term 'consideration', reads thus,

*"Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;"*

And it signifies and conveys the fact that even in cases where a deposit is made, and even when the said deposit is in respect of supply of goods or service or both, the said deposit is not to be considered as 'consideration', until and unless the supplier applies/treats such deposit as consideration for the said supply. It therefore becomes clear that the balance freight amount involved herein which is held as deposit and transferred by the applicant to the parties concerned, cannot be considered as a 'consideration' accruing to the applicant in any manner, whatsoever.

6.8 Accordingly, we now set out to examine as to whether the transaction involved herein constitutes a 'supply' under the CGST/TNGST Acts, 2017. As per Section 7 of the CGST Act, 2017, the term 'Supply', includes -

*"7. Scope of supply.— (1) For the purposes of this Act, the expression "supply" includes -*

*(a) 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 business;*

*(b) import of services for a consideration whether or not in the course or furtherance of business; and*

*(c) the activities specified in Schedule I, made or agreed to be made without a consideration;*

*(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.*

*(2) Notwithstanding anything contained in sub-section (1),—*

*(a) activities or transactions specified in Schedule III; or*

*(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,*

*shall be treated neither as a supply of goods nor a supply of services.*

*(3) Subject to the provisions of [sub-sections (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as—*

*(a) a supply of goods and not as a supply of services; or*

*(b) a supply of services and not as a supply of goods.”*

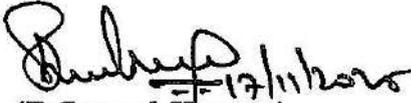
In terms of Section 7 of the Act, *ibid*, it is clear that the term ‘Supply’ includes all forms of supply of goods/services or both such as sale, transfer, barter, exchange, licence, rental or disposal made or agreed to be made for a consideration in the course of furtherance of business. Accordingly, the activity in relation to any supply, should be made for a consideration, and under the facts and circumstances of the instant case, we find that the only activity of the applicant that merits payment of a consideration, is the applicant’s role as a facilitator or an agent in holding and transferring the balance freight amounts which does not belong to the applicant and which belongs to the parties concerned. Therefore the balance freight amount that is held as deposit with the applicant and which is liable to be transferred, *per-se*, as per the directions of the parties concerned, cannot be considered as ‘consideration’ accruing to the applicant in lieu of any supply made by them. Thus, we observe that no supply of goods or service or both takes place in the instant case, except for the receipt of subscription or commission by the applicant on which the applicant undertakes to pay GST, for extending their role of a facilitator/agent between the shipper and the carrier.

6.9 In fine, once it is held that the freight amount deposited with the applicant, does not constitute a ‘consideration’ to the applicant, and once it is clear that no supply of goods or service or both is involved in the instant case, we are of the opinion that the applicant is not liable to pay taxes under GST on the deposit amount which does not belong to the applicant.

7. In view of the above discussion, we rule as under :-

**RULING**

Considering the facts of the case furnished by the applicant, the applicant is not liable to pay GST on the balance amount of freight deposited by the Shippers into the current account of the applicant which in turn is meant to be forwarded to the accounts of carriers without any deduction.

  
(B.Suseel Kumar)  
Member (SGST)



  
(C.Thiyagarajan)  
Member (CGST)

To

M/s B2B Trucks Private Limited,  
No.23/Flat No.3, Mayflower Apartment,  
First Floor, Satyanarayana Avenue,  
R A Puram, Chennai, PIN Code 600028. (By RPAD)

**Copy submitted to**

1. The Principal Chief Commissioner of GST and Central Excise,  
26/1, Uthamar Mahatma Gandhi Road,  
Nungambakkam, Chennai 600 034.
2. The Commissioner of Commercial Taxes,  
2<sup>nd</sup> Floor, Ezhilagam, Chepauk, Chennai 600 005.
3. The Commissioner of GST and Central Excise,  
Chennai South Commissionerate,  
No.692, CIT Nagar, MHU Complex, Chennai - 35.

**Copy to**

1. The Assistant Commissioner (ST),  
Kotturpuram Assessment Circle,  
Room No.245, 2<sup>nd</sup> Floor,  
Integrated Commercial Taxes and  
Registration Department Building,  
Nandanam, Chennai - 600 035.
2. Stock File - A1.