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| 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/2022/01
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2021/AR/46)

Date: 07.03.22

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| Name and address of the applicant | : | M/s. Astral ltd.,207/1, Astral House, Opp. Satyam Corporate Square, Rajpath Club, Off S. G. Road, Ahmedabad-380059 |
| GSTIN/ User Id of the applicant | : | 24AABCA2951N1ZO |
| Date of application | : | 14/12/2021 |
| Clause(s) of Section 97(2) of CGST / GGST Act, 2017, under which the question(s) raised. | : | (c) and (g) |
| Date of Personal Hearing | : | 18/02/2022 |
| Present for the applicant | : | Shri Priyam Shah, CA |
| Present for the Revenue | : | Shri Asharam Meena, Asstt. Commr. And Shri Neel Kumar, superintendent |

BRIEF FACTS

M/s. Astral Ltd., hereinafter referred to as Astral for the sake of brevity, submitted that it provides canteen facility for its workers and staff. Astral submitted that it has more than 250 workers/employees and required to maintain the Canteen as per Factories Act, 1948 and in order to run the canteen, Astral has given the canteen service to a Canteen Service Provider and agreed to pay fix sum, per plate amount as per agreement.

- Astral collects some portion of the total amount of food price to be paid to the Canteen Service Provider from its employees, by deducting it from the salary of the employees and balance payment is borne by Astral.
- Astral submits that it is recovering only employee's share towards actual expenditure incurred in connection with the food supply, without making any profit.
- As per section 17(5) of GST Act, company is not taking any ITC on the services received from the Canteen Service provider neither at the factory nor at the HO.
- Astral is of opinion that this activity does not fall within the scope of supply.

Question on which Advance Ruling sought:

- Whether GST is applicable on amount representing the employees' portion of canteen charges, which is collected by the applicant and paid to the Canteen service provider by company at Factory.

2. Whether GST is applicable on the amount representing the employee's portion of canteen charges, which is collected by the applicant and paid to the Canteen service provider by company at HO.
3. If GST is applicable then, whether input tax credit (ITC) available charged by service provider on canteen facility provided to employees working in factory/HO?
4. If ITC is available, whether it will be restricted, to the extent of cost borne, by the company?

6. Personal Hearing:

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

7. Revenue's Submission:

The Revenue vide letter F. No. IV/16-15/CGST/Adv. Ruling/ 2020-21 dated 4-1-22 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) In the instant case, on going through the application, it appears that the canteen facility is provided to the employees, by the canteen service provider, at the premises of the applicant, using all the capital goods and other basic facilities of the applicant. The cost of the canteen service is borne by the applicant as well as end users, i.e. the employees, who bear the half (approximately) of the cost. .
- (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:

8. We have carefully considered all the submissions. We find that Astral 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 Astral whereas the remaining part is borne by its employees. The said employees' portion canteen charges is collected by Astral and paid to the Canteen Service Provider. Astral submitted that it does not retain with itself any profit margin in this activity.

9. We pass the Ruling:

RULING

1. Ruling on Question 1 & 2:

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

2. Ruling for Question 3 & 4:

Not Applicable in view of Ruling at sr no 1.

(ATUL MEHTA)
MEMBER (S)

(ARUN RICHARD)
MEMBER (C)

Place: Ahmedabad

Date: 07.03.22