

**GIB/KR/CALTECH/26.03.18/AAR-41**

**Advance Ruling Category :** Taxability

**State :** Kerala

**Order No.:** GIB/KR/CALTECH/26.03.18/AAR-41

**Name of Entry :**

Mls. Caltech Polymers Pvt. Ltd.

**Date :** 26-03-2018

**Product/ Service Involve :**

"providing canteen services exclusively for their employees. They are incurring the canteen running expenses and are recovering the same from its employees without any profit margin"

**Brief Issue :**

**Issue & Fact of the Case:**

Whether reimbursement of food expenses from employees for the canteen provided by company comes under the definition of outward supplies as taxable under GST Act?

The company engaged in the manufacture and sale of footwear and also provide canteen services exclusively for their employees. They also incurring canteen running expenses and are recovering the same from its employee without any profit margin.

As per **section 46** of the said Act, any factory employing more than 250 workers is required to provide canteen facility to its employees.

The activity of the applicant is exempt under the **notification no 25/2012 ST**. services provided in relation to serving of food or beverages by a canteen maintained in a factory covered under the Factories Act, 1948.

As per **section 2(31), 2(83) of the GST Act**, the amount received from employees covered under the definition of consideration and supply respectively.

**As per sec 2(17) of CGST Act,2017 business includes:**

- a. **any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit.**
- b. any activity or transaction in connection with or incidental or ancillary to sub-clause (a)

**Decision of Advance Ruling Authority :**

**Decision:**

It is hereby clarified that recovery of food expenses from the employees for the canteen services provided by company would come under the definition of 'outward supply as defined in section 2(83) of CGST, Taxable as a supply of service in GST