

**GIB/HR/Loyalty Solutions/11.04.2018/AAR-315**

**Advance Ruling Category :** Levy

**State :** Haryana

**Order No.:** GIB/HR/Loyalty Solutions/11.04.2018/AAR-315

**Name of Entry :**

Loyalty Solutions and Research Private Limited

**Date :** 11-04-2018

**Breif Issue :**

**Facts & Issue Of The Case :**

The applicant owns and operates a reward point based loyalty programme that is integrated towards its partners and their customers. Applicant is managing the customer loyalty programme for its clients/partners such as NICE , which is based on issuance of reward points, also known as payback points by the applicant to end customers. These reward/payment points have values of 0.25 INR each. The question for advance ruling is that whether this amount fee retained/forfeited by LSRPL, would amount to consideration for actionable claims and subject to GST.

The issues raised by the applicant are:

- Whether the value of points forfeited of the applicant on which money had been paid by the issuer of points on account of failure of the end customers to redeem the payback points within their validity period would amount to consideration for ‘Actionable claim’ other than lottery, gambling or betting and therefore would not qualify as supply of either goods or services on terms of Section 7 read with schedule III of the central goods and service tax Act, 2017 , Haryana Goods and service Tax Act, 2017 or Integrated Goods And Service Tax Act, 2017 and therefore would be outside the scope and levy of GST.
- Whether the value of points forfeited of the applicant on which money had been paid by the issuer of points on account of failure of the end customers to redeem the payback points within their validity period can be treated as “Supply” of any other goods or services and consequently be chargeable to GST under the CGST,SGST and IGST Act?

**Decision of Advance Ruling Authority :**

**Decision :**

- The value of points forfeited of the applicant on which money had been paid by the issuer of points on account of failure of the end customers to redeem the payback points

within their validity period would amount to consideration received in lieu of services being provided by LSRPL to its clients and this would be outside the scope of being considered as 'Actionable Claim' and therefore would be in the scope of levy of GST.

- The value of points forfeited of the applicant on which money had been paid by the issuer of points on account of failure of the end customers to redeem the payback points within their validity period can be treated as "Supply" of services and consequently be chargeable to GST under the CGST,SGST and IGST Act.