

**GIB/OR/NALCO/28.09.18/AAR-145**

**Advance Ruling Category :** Input Tax Credit

**State :** Odisha

**Order No.:** GIB/OR/NALCO/28.09.18/AAR-145

**Name of Entry :**  
NALCO

**Date :** 28-09-2018

**Product/ Service Involve :**

Services used for maintenance of applicant's township, guest house, hospital, horticulture etc.

**Breif Issue :**

**Facts & Issues Involved:**

M/s National Aluminium Company Ltd., Nalco Bhawan, PO. Nayapalli, Bhubaneswar-751013 (hereinafter referred to as 'Applicant') assigned with GSTIN number 21AAACN7449M1Z9 have filed an application on 19.07.2018 under Section 97 of CGST Act, 2017, OGST Act, 2017 read with Rule 104 of CGST Rules 2017 & OGST Rules, 2017 in Form GST ARA-01 seeking an advance ruling in respect of its entitlement to take credit of input tax paid on various goods and services used for maintenance of applicant's township, guest house, hospital, horticulture in its ordinary course of business.

**Decision of Advance Ruling Authority :**

AAR observed/ held that

- The applicant might be doing some activities which are not for or in relation to the core business but are related to some other activities like contract for running a pharmacy outlet is simply for dispensing medicine and other product free of charge. This is clear case of supply without consideration.
- Clarification dated 10 July 2017 was warranted to clarify that perquisite provided by an employer to an employee terms of the employment contracts are not chargeable to GST.
- Inward supplies received by way of management, repair, renovation, alteration or maintenance service or goods received for furnishing the residential colony shall not qualify for input tax credit.
- Establishment of hospitals and maintenance thereof may be for discharging the statutory obligation under the ESI Act by the employer, but dispensing medical service to the employees and others is supply of service by the employer. Such service being nil rated will fall under exempt supplies and will not qualify for input tax credit.

- Establishing, maintaining and furnishing guest houses is a business requirement. Thereby applicant is entitled to input tax credit of the tax paid on inward supply of input and input services for maintenance of the guest house, transit house, and training hostels, but excluding the food and beverages.
- Plantation and maintenance of such plantation outside the plant is for non-business use and will not qualify for input tax credit.
- Services for maintenance of plant and gardens within the residential colony and other public utility created by the applicant will form part of the residential colony and in part of the perquisite provided to the employees. Such services will not qualify for input tax credit for the reasons discussed above.
- Plantation and maintenance of gardens within plant area and other business establishments like administrative building and guest houses will qualify for input service credit.

For reference AAAR Ruling - [GIB/OD/NATIONAL ALUMINIUM/21.01.2019/AAAR-24](#)