

GIB/KN/ASCENDAS/30.09.2019/AAR-200

Advance Ruling Category : Classification

State : Karnataka

Order No.: GIB/KN/ASCENDAS/30.09.2019/AAR-200

Name of Entry :

Ascendas Services (India) pvt ltd

Date : 30-09-2019

Breif Issue :

Issue & Fact of the Case:

Whether the value of bus passes distributed by the applicant to the commuters is to be included in the value of facilitation charges as per section 15(2) of the CGST Act, 2017 and KGST Act, 2017

Whether the supply of service in the hands of the applicant could be classified as merely a supply of facilitation services between BMTC and the commuters.

The applicant is in the business of ITPB, apart from the other services of operation and maintenance of electrical systems at common areas, building and service of transportation to the employees of the tenants of the business park.(called as commuters)

For the provision of transport facilitation service,the applicant has entered into a contract with Bangalore Metropolitan Transport corporation(BMTC).

In order to facilitate transport service BMTC gave two kind of bus passes i.e. a) for non-A/c regular bus

b) for A/C as well as non A/C and also BMTC require to collect minimum of 50 passes by applicant so that BMTC can allocate 1 bus , and this would be in nature of a chartered bus which provide service from designated bus stop to ITBP.

For arranging such services applicant charge Rs 300{**in accordance with Entry no 11(ii)of N/N 11/2017 dated 28.06.2017 under HSN code 9967 as supporting services in transport is taxable @ 18%**} from every person irrespective of type of bus i.e. whether it is A/c or Non-A/c.

The applicant contends that he is an intermediary with respect to the supply of bus passes. The total amount charged to the service recipient by the applicant would be the value of services supplied as per **section 15** of the CGST Act, 2017.

Entry no 15 of N/N 12/2017 dated 28.06.2017 transportation of passenger in Non-A/C carriage under HSN code 9964 is exempt from GST.

Entry no 8(ii) of N/N 8/2017 dated 28.06.2017, transportation of passenger in air-conditioned coach is taxed at the rate 5%.

Definition of Intermediary -Section 2(13) of IGST Act, 2017

“Intermediary” means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account.

Decision of Advance Ruling Authority :

Decision:

The value of the bus passes distributed by the applicant to the commuters and the facilitation charges is to be included in the value of services provided by the applicant.

Regarding the second question of ‘whether the supply of service in the hands of the applicant could be classified merely a supply of facilitation service between BMTC and the commuters’, the answer is “negative”.