

GIB/MH/JOTUN/4.10.2019/AAR-223

Advance Ruling Category : Supply

State : Maharashtra

Order No.: GIB/MH/JOTUN/4.10.2019/AAR-223

Name of Entry :

Jotun India Pvt Ltd

Date : 04-10-2019

Breif Issue :

Issue & Fact of the Case:

Whether recovery of 50% of parental health insurance premium from employees amounts to supply of service under section 7 of the CGST Act, 2017?

The applicant supplies paints and coatings that are specially designed for unique conditions to the various customers the applicant has introduced parental insurance scheme for employees' parents.

As per the scheme the applicant initially pays the entire premium along with taxes to the insurance company the applicant recovers the 50% of the premium in one to three installments from the salaries and the 50% amount is borne by the applicant.

As per Schedule-III of the COST Act, 2017, services by an employee to employer in the course of or in relation to his employment are not treated as a supply of service. However, Applicant recovers certain amount from its employees against the insurance premium

The issues here is analyzed **as per section 7 of the CGST Act, 2017**, the service of insurance is actually provided by the insurance company for which the insurance company is charging GST hence the applicant is not in the business of providing insurance coverage.

Activity done against consideration is treated as supply however, such an activity must be in the course of business or for the furtherance of business.

The term "business" broadly means any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity whether or not it is for pecuniary benefits. Any activity ancillary or incidental to these activities are also covered as business.

Decision of Advance Ruling Authority :

Decision:

The recovery of 50% of parental health insurance premium from the employees does not amount to supply of service under section 7 of the CGST Act, 2017.