THE WEST BENGAL AUTHORITY FOR ADVANCE RULING

GOODS AND SERVICES TAX

14, Beliaghata Road, Kolkata – 700015

(Constituted under section 96 of the West Bengal Goods and Services Tax Act, 2017)

Members present:

Yogesh Sugdeo Chitte
Joint Commissioner, CGST & CX

Jaydip Kumar Chakrabarti
Additional Commissioner, SGST

Preamble

A person within the ambit of Section 100 (1) of the Central Goods and Services Tax Act, 2017 or West Bengal Goods and Services Tax Act, 2017 (hereinafter collectively called 'the GST Act'), if aggrieved by this Ruling, may appeal against it before the West Bengal Appellate Authority for Advance Ruling, constituted under Section 99 of the West Bengal Goods and Services Tax Act, 2017, within a period of thirty days from the date of communication of this Ruling, or within such further time as mentioned in the proviso to Section 100 (2) of the GST Act.

Every such appeal shall be filed in accordance with Section 100 (3) of the GST Act and the Rules prescribed there under, and the Regulations prescribed by the West Bengal Authority for Advance Ruling Regulations, 2018.

Name of the applicant	Feel Good Hospitality Private Limited
Address	3rd Floor, E 0301, City Centre, Matigara, Siliguri, Darjeeling, West Bengal, 734010
GSTIN	19AABCF3818K1ZG
Case Number	WBAAR 38 of 2025-26
ARN	AD190226010029D
Date of application	March 24, 2026
Jurisdictional authority (State)	Siliguri Charge
Jurisdictional authority (Centre)	Siliguri-Darjeeling Division, Siliguri Commissionerate
Order number and date	05/WBAAR/2026-27 Dated 07.08.2026
Applicant's representative heard	Mr. Reishab Bansal, CA Mr. Piyush Dalmia, CA

1.1 At the outset, we would like to make it clear that the provisions of the Central Goods and Services Tax Act, 2017 (the CGST Act, for short) and the West Bengal Goods and Services Tax Act, 2017 (the WBGST Act, for short) have the same provisions in like matter except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the WBGST Act. Further to the earlier, henceforth for the purposes of these proceedings, the expression “GST Act” would mean the CGST Act and the WBGST Act both.

1.2 The applicant, Feel Good Hospitality Private Limited, is a private limited company registered under the Goods and Services Tax law and is presently engaged in the restaurant business. The applicant proposes to expand its business operations by undertaking travel and accommodation booking agency services, wherein it would act as a facilitator for arranging hotel accommodation for end customers through third-party agents. Under the proposed business model, the applicant intends to recover the actual cost of hotel accommodation from the customer as reimbursement and separately charge a facilitation or service fee for arranging the booking. In this background, the applicant has approached this Authority seeking a ruling as to whether the recovery of the actual hotel accommodation cost paid to the hotel or third-party agent can be treated as reimbursement incurred in the capacity of a pure agent and consequently excluded from the value of supply, with GST being payable only on the facilitation or service fee charged by the applicant.

1.3 The applicant has made this application under sub section (1) of section 97 of the GST Act and the rules made there under seeking an advance ruling in respect of following question:

Pure Agent Qualification (General): Whether the Applicant qualifies as a “Pure Agent” under Rule 33 of the CGST Rules, 2017, and can charge GST @ 18% on only the Service Fee/ Convenience Fee charged by the applicant, if the applicant satisfies the following conditions:

a) It acts as a pure agent of its end customer to incur expenditure or costs for supply of hotel services.
b) It books the hotel services purely as per the requirements of the end customer and does not do so on its own accord.
c) It does not use for its own interest hotel services so procured. However, it gets the bill from the third-party agent (ABC Tours & Travels) in its own name.
d) It enters to a contractual agreement with ABC Tours & Travels for booking of rooms & make payment to them on behalf of clients.
e) It receives only the actual amount incurred to procure the hotel services, in addition to the amount received for the services it provides on its own account.

1.4 The aforesaid questions on which the advance ruling is sought for are found to be covered under clause (c) of sub-section (2) of section 97 of the GST Act.

1.5 The applicant states that the question raised in the application has neither been decided by nor is pending before any authority under any provision of the GST Act.

1.6 The officer concerned from the Revenue has raised no objection to the admission of the application.

1.7 The application is, therefore, admitted.

2. Submission of the Applicant

2.1 The Applicant has given additional written submissions, which according to him, are intended to supplement and elaborate upon the legal arguments set out in the original application, particularly with respect to satisfaction of the conditions stipulated under Rule 33 of the Central Goods and Services Tax Rules, 2017 for qualification as a “Pure Agent”. In both the original and additional submissions the Applicant contends that it satisfies the mandatory conditions under the Explanation to Rule 33 and is therefore entitled to exclude the hotel accommodation cost recovered from its customers from the taxable value of supply and to discharge GST only on the Facilitation Fee / Service Charge charged by it.

2.2 The Applicant submits that under its proposed business model, the End Customer approaches the Applicant seeking hotel accommodation. The Applicant, acting as the authorized booking agent of the End Customer, sources such accommodation from a Third-Party Agent, for example ABC Tours & Travels, having networks and agreements with hotels. The Third-Party Agent issues a tax invoice in the name of the Applicant while identifying the End Customer as the consumer. Thereafter, the Applicant recovers from the End Customer the exact hotel accommodation cost at actuals as a “Pure Agent” reimbursement along with a separate Facilitation Fee / Service Charge as consideration for the booking service rendered by it. GST at the rate of 18% is proposed to be charged and remitted by the Applicant only on the Facilitation Fee / Service Charge under SAC 9985, whereas no GST is proposed to be charged on the reimbursement component in terms of Rule 33 of the CGST Rules, 2017.

2.3 The Applicant refers to Rule 33 of the CGST Rules, 2017, which provides for exclusion from the value of supply of expenditure or costs incurred by a supplier as a pure agent of the recipient of supply, subject to fulfillment of the prescribed conditions.

Rule 33 provides:

Notwithstanding anything contained in the provisions of this Chapter, the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply, if all the following conditions are satisfied, namely:

(i) the supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorisation by such recipient;
(ii) the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and
(iii) the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.

The Applicant further submits that the Explanation appended to Rule 33 defines a "Pure Agent" as a person satisfying all four conditions enumerated therein, namely conditions (a), (b), (c) and (d), and claims that each of these conditions is satisfied under the proposed business arrangement.

2.4 In support of the aforesaid contention, the Applicant has furnished the following condition-wise analysis of compliance with the Explanation to Rule 33 of the CGST Rules, 2017:

Condition under Rule 33 / Explanation (CGST Rules, 2017)	Compliance by the Applicant (Feel Good Hospitality Pvt. Ltd.)	Status
Condition A: Condition (a): The supplier enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both. [Explanation to Rule 33(a)]	The Applicant, Feel Good Hospitality Private Limited, enters into a formal written Agency and Facilitation Agreement with each End Customer prior to the booking of hotel accommodation. The Agreement expressly records that: (i) the End Customer appoints the Applicant as its authorized Pure Agent; (ii) the Applicant is authorized by the End Customer to incur hotel accommodation expenses on the Customer's behalf; (iii) the entire liability to pay the Third-Party Agent/Hotel lies with the End Customer, and	✓ SATISFIED

	the Applicant merely settles the amount temporarily as a conduit; and (iv) the Customer has a free choice of hotel and accommodation standard, and the Applicant acts strictly upon the Customer's specification without exercising any independent discretion. The draft of this Agreement forms part of the original application and is available for the Authority's perusal.	
Condition B: Condition (b): The supplier neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply. [Explanation to Rule 33(b)]	The Applicant holds absolutely no title, legal, beneficial, or otherwise, to the hotel room or accommodation service so procured. The hotel room is exclusively booked for, and enjoyed by, the End Customer or their designated beneficiary. The Applicant is merely the booking facilitator. The Third-Party Agent's invoice identifies the End Customer as the consumer of the service. The Applicant cannot use, sublet, reassign, or derive any benefit from the said accommodation. Therefore, no title whatsoever vests in the Applicant at any point in the transaction chain.	✓ SATISFIED
Condition C: Condition (c): The supplier does not use for his own interest such goods or services so procured. [Explanation to Rule 33(c)]	The Applicant is a hospitality and restaurant entity and has no conceivable business interest in occupying or utilizing the hotel rooms procured for its customers. The rooms are booked solely for the personal use of the End Customer. The Applicant has no commercial interest in the accommodation itself, its only commercial interest is in earning the Facilitation/Service Fee for the booking service provided. This condition is structurally and inherently satisfied by the nature of the Applicant's business model, as a travel booking agent cannot, and does not,	✓ SATISFIED

	use the hotel rooms procured for its clients.	
Condition D: Condition (d): The supplier receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account. [Explanation to Rule 33(d)]	The Applicant recovers from the End Customer the exact amount charged by the Third-Party Agent/Hotel, without any mark-up, profit margin, or undisclosed commission on the accommodation cost. The Applicant's commercial consideration is strictly limited to the separately stated Facilitation Fee / Service Fee, which is distinctly disclosed in the invoice issued to the Customer. The draft Tax Invoice submitted with the original application demonstrates this bifurcation clearly: (i) Reimbursement of Hotel Cost at actuals; (ii) Service Fee / Facilitation Fee subject to GST @ 18% under SAC 9985. The Agency Agreement expressly warrants that no mark-up shall be added to the reimbursement component.	✓ SATISFIED

2.5 Apart from the aforesaid four definitional conditions, the Applicant submits that it also satisfies the operational requirements prescribed under Rule 33. In respect of authorization by the recipient under Rule 33(i), the Applicant makes payment to the Third-Party Agent strictly upon written authorization of the End Customer as incorporated in the Agency and Facilitation Agreement. Such Agreement expressly records the End Customer's instruction to the Applicant to procure hotel accommodation on his behalf and to make payment thereof.

2.6 With regard to the requirement of separate indication in the invoice under Rule 33(ii), the Applicant submits that the Tax Invoice issued by it to the End Customer distinctly separates the following two components:

a. Line Item 1: Facilitation Fee / Service Charge, subject to GST @ 18% under SAC 9985; and

b. Line Item 2: Reimbursement of Hotel Accommodation Cost (paid to Third-Party Agent as Pure Agent), not subject to GST, with a clear note that this represents actual costs incurred under Rule 33 / Section 2(5) of the CGST Act, 2017.

The Applicant submits that the aforesaid bifurcated invoice format is consistent with the requirement of Rule 33(ii) and also aligns with the format approved by the Delhi Authority for Advance Ruling in M/s TUI India Private Limited, Order No. 09/DAAR/2018 dated 28.06.2019.

2.7 As regards the requirement under Rule 33(iii) that the supplies procured as a pure agent must be in addition to the services supplied on the supplier's own account, the Applicant submits that procurement of hotel accommodation is an activity undertaken by it in addition to and separately from its own primary business of restaurant operations. The Facilitation / Booking Service rendered by the Applicant is a distinct service supplied on its own account for which separate consideration in the form of Facilitation Fee is charged. According to the Applicant, procurement of hotel accommodation is strictly in addition to and does not constitute the Applicant's own supply.

2.8 The Applicant places reliance upon the ruling of the Delhi Authority for Advance Ruling in M/s TUI India Private Limited, Order No. 09/DAAR/2018 dated 28.06.2019, contending that the facts considered therein are directly analogous to those involved in the present application. The Applicant acknowledges that the ruling in TUI India is not binding upon this Authority but submits that the same constitutes a highly persuasive precedent considering the identity of facts, legal provisions and the question of law involved.

Held in TUI India (Delhi AAR)	Position of the Applicant
Booking of hotel accommodation on the specific requirement of clients qualifies as “Agent” under Section 2(5) CGST Act.	The Applicant books hotel accommodation strictly on End Customer's specifications. Agent status under Section 2(5) is squarely attracted.
An Agent qualifies as a “Supplier” under Section 2(105) CGST Act and is a “Taxable Person” under Section 2(107).	The Applicant is a registered taxable person and supplier. GST liability arises only on the Facilitation Fee, its own consideration.
Pure Agent status is allowed even where the invoice from the Hotel/Aggregator is in the Applicant's name, provided cost is passed at actuals.	The Third-Party Agent's invoice is similarly in the Applicant's name. Cost is passed to the End Customer at actuals without any mark-up. TUI India's ratio is directly applicable.
Value of hotel accommodation cannot be added to the taxable value of the booking	The Applicant seeks the same relief, hotel cost excluded from taxable value; GST

service.	levied only on Service Fee.

2.9 The Applicant further submits that Section 2(5) of the CGST Act, 2017 defines an “Agent” as a person who carries on the business of supply or receipt of goods or services or both on behalf of another taxable person. According to the Applicant, it acts strictly on behalf of the End Customer and the primary intention of its proposed business is to facilitate the booking of hotel accommodation. The Applicant therefore claims to satisfy the definition of an Agent under Section 2(5) of the CGST Act, 2017.

2.10 The Applicant also refers to Section 2(105) of the CGST Act, 2017 which defines “Supplier” in relation to any goods or services or both as the person supplying the said goods or services or both and includes an agent acting as such on behalf of such supplier. The Applicant contends that when accommodation is procured from a Third-Party Agent, such Third-Party Agent is the “Supplier” within the meaning of Section 2(105), whereas the Applicant merely acts as a bridge between the Supplier, being the Third-Party Agent, and the Recipient, being the End Customer.

2.11 The Applicant further refers to Section 2(107) of the CGST Act, 2017 defining a “Taxable Person” as a person who is registered or liable to be registered under Section 22 or Section 24. The Applicant submits that although it is a registered taxable person, the liability to pay tax should arise only upon the value of the service actually provided by the Applicant. Accordingly, the Applicant contends that its taxable consideration is the Facilitation Fee / Service Charge received for arranging the booking and not the hotel accommodation expenditure incurred on behalf of the End Customer.

2.12 On the question of valuation, the Applicant relies upon Section 15(1) of the CGST Act, 2017 and submits that the value of supply is the transaction value, being the price actually paid or payable for the supply. According to the Applicant, the transaction value of its own booking service is the Facilitation Fee charged by it. The hotel accommodation cost does not constitute consideration for the Applicant's own service and is merely recovered from the End Customer at actuals.

2.13 The Applicant further contends that Rule 33 of the CGST Rules, 2017 is a non-obstante provision which specifically carves out expenditure incurred as a pure agent from the value of supply. According to the Applicant, the hotel accommodation cost is not its own consideration but represents a pass-through amount paid on behalf of the End Customer and recovered at actuals. Consequently, once the requirements of Rule 33 are satisfied, such amount should stand excluded from the value of the Applicant's taxable supply.

2.14 The Applicant submits that inclusion of the hotel accommodation cost in its taxable turnover would result in double taxation since the Accommodation Service Provider and Third-Party Agent have already discharged GST on the underlying accommodation supply. According to the Applicant, taxing the same accommodation cost again as part of the value of its facilitation service would be contrary to the legislative intent underlying Rule 33 and the GST policy of avoiding tax-on-tax.

2.15 The Applicant also relies upon the CBEC clarification relating to the Pure Agent concept under GST, as referred to in the TUI India ruling, and submits that expenditure incurred in the capacity of a pure agent is required to be excluded from the value of supply as well as aggregate turnover provided all the requirements prescribed under Rule 33 are fulfilled. The Applicant maintains that the factual and contractual arrangement proposed by it satisfies all such conditions.

2.16 In light of the foregoing submissions, the Applicant prays that it be held and declared to qualify as a "Pure Agent" under Rule 33 of the CGST Rules, 2017 read with the Explanation thereto, on the ground that all four cumulative conditions under clauses (a), (b), (c) and (d) are fully satisfied. The Applicant further prays that the hotel accommodation cost recovered by it from End Customers as a pure agent reimbursement be excluded from the value of taxable supply under Rule 33 of the CGST Rules, 2017. The Applicant accordingly contends that GST @ 18% comprising CGST @ 9% and SGST @ 9% should be chargeable only on the Facilitation Fee / Service Charge under SAC 9985 and not on the hotel accommodation reimbursement component.

3. <u>Submission of the Revenue</u>

3.1 The concerned officer from the Revenue has submitted that the applicant proposes to undertake the business of arranging hotel accommodation for its customers through a third-party travel agent, namely ABC Tours & Travels. Under the proposed arrangement, the third-party agent would issue the tax invoice in the name of the applicant, though the name of the end customer would also be mentioned therein. The applicant would make payment to the third-party agent and thereafter recover from the end customer the hotel accommodation charges as reimbursement along with a separate facilitation/service fee. The Revenue has contended that such arrangement does not satisfy the conditions for treatment as a pure agent under rule 33 of the CGST/WBGST Rules, 2017.

3.2 The Revenue has submitted that rule 33 permits exclusion of expenditure or costs incurred by a supplier as a pure agent from the value of supply only upon fulfillment of all the conditions specified therein. It has been contended that although the applicant proposes to enter into a contractual agreement with ABC Tours & Travels for booking of rooms and making payment, no details have been furnished regarding any contractual agreement between the applicant and the end customer authorising the applicant to act as a pure agent. According to the Revenue, the applicant has therefore failed to establish fulfillment of an essential condition prescribed under rule 33.

3.3 The Revenue has further observed that the invoice for the accommodation service would be issued by the third-party agent in the name of the applicant. Mere mention of the name of the end customer in such invoice would not alter the position that the applicant receives the invoice and incurs the contractual liability to make payment. The Revenue has therefore contended that the applicant procures the accommodation service in its own capacity and thereafter supplies the same to the end customer, rather than merely making payment to a third party on behalf of the customer. Consequently, the condition that a pure agent should neither intend to hold nor hold any title to the goods or services so procured is stated to be not satisfied.

3.4 According to the Revenue, the applicant is actively involved in identifying and procuring accommodation, coordinating and confirming the booking, making payment to the third-party supplier and thereafter recovering the amount from the end customer. Such activities, in its view, constitute supply of accommodation booking services by the applicant on its own account. The Revenue has further submitted that separate indication of the hotel charges as reimbursement and recovery thereof at actual cost would not, by themselves, confer the status of a pure agent since all the conditions prescribed under rule 33 are required to be fulfilled simultaneously.

3.5 The Revenue has also submitted that the definition of “agent” under section 2(5) of the GST Act cannot, by itself, confer the status of a “pure agent” for the purposes of rule 33. It has been contended that there are two distinct supplies involved in the proposed arrangement, namely, supply by ABC Tours & Travels to the applicant and supply by the applicant to the end customer. Therefore, the amount recovered towards hotel accommodation charges forms part of the consideration for the supply made by the applicant and cannot be excluded from the value of supply merely on the ground that the same is recovered at actual cost.

3.6 The Revenue has accordingly opined that the applicant does not qualify as a pure agent under rule 33 and that the entire amount recovered from the end customer, including the hotel accommodation charges and the facilitation/service fee, would form part of the value of supply under section 15 of the GST Act. The Revenue has therefore prayed that the applicant's claim for exclusion of the hotel accommodation charges from the taxable value under rule 33 be rejected.

4. <u>Observations & Findings of the Authority</u>

4.1 We have gone through the records of the issue as well as submissions made by the authorized representatives of the applicant during personal hearing. We have also considered the submission made by the officer concerned from the revenue.

4.2 As per the facts submitted before us, the applicant is a registered taxable person and is engaged in restaurant business. He intends to expand his business operations by entering into a new vertical of 'Travel and accommodation booking agency services'. According to the applicant, under this proposed model of business he will act as facilitator to arrange hotel accommodation for end customers.

The applicant points out that in the hospitality industry, the procurement of hotel rooms often involves multiple layers. To illustrate, an end customer approaches the applicant to book hotel accommodation. The applicant sources the requirement of booking to a third party agent who does not own the hotel where the accommodation is booked but has procurement rights in the hotel. The third party agent issues the tax invoice to the applicant mentioning the name of the end customer as recipient of supply of service. The applicant makes payment on behalf of the end customer.

The applicant raises two kinds of invoices to the end user. One is the reimbursement invoice and the other is facilitation/ service invoice. In the former the applicant reimburses the actual cost of the hotel room paid to the hotel or third party agent. In facilitation/ service invoice, the applicant charges the end customer for arranging the hotel booking.

4.3 Under this circumstance the applicant has placed the following question before this authority:

Question: Whether the Applicant qualifies as a "Pure Agent" under Rule 33 of the CGST Rules, 2017, and can charge GST @ 18% on only the Service Fee/Convenience Fee charged by the applicant, if the applicant satisfies the following conditions:

a. It acts as a pure agent of its end customer to incur expenditure or costs for supply of hotel services.
b. It books the hotel services purely as per the requirements of the end customer and does not do so on its own accord.
c. It does not use for its own interest hotel services so procured. However, it gets the bill from the third-party agent (ABC Tours & Travels) in its own name.
d. It enters to a contractual agreement with ABC Tours & Travels for booking of rooms & making payment to them on behalf of clients.
e. It receives only the actual amount incurred to procure the hotel services, in addition to the amount received for the services it provides on its own account.

4.4 The applicant believes that in course of his proposed business activity he qualifies as 'pure agent' on all the four counts as prescribed in Explanation to Rule 33 of the CGST Rules, 2017. He enters into a contract with the end customer to incur expenditure in the course of supply of services. The applicant no title whatsoever to the hotel room or services procured. According to him, he has no conceivable business interest in occupying or utilizing hotel rooms procured for his customers. Last of all, the applicant recovers from the end customer the exact amount charged by the third party without any mark up or profit margin. So according to the applicant's viewpoint, all the four conditions are applicable for the proposed business activity.

4.5 The Revenue has given his submission in details. The Revenue has discussed the pattern of activity proposed by the applicant as under:

A) An end customer approaches the applicant for booking of hotel accommodation.

B) The applicant sources the requirement of booking services to a third party agent. This service is procured from this third party who does not own the hotel but has procurement rights.

C) The applicant books the room on behalf of the customer.

D) The applicant raises invoice to the end customer in two distinct parts:

i) The actual cost of the hotel room paid to the Hotel or Third-Party Agent. The Applicant intends to treat this as a "Pure Agent" reimbursement

ii) A separate "Facilitation/Service Fee" charged by the Applicant for arranging the booking

Applicant further submits that the invoicing pattern would be that the third party agent issues the tax invoice to the applicant mentioning the name of the End Customer in the invoice as the service recipient. The Applicant merely makes the payment on behalf of the customer.

The Revenue has examined the above scheme of activity in the lights of the definitions of 'agent', 'recipient' and 'supply' as provided in Section 2 and scope of supply as provided in Section 7 of the CGST Act, 2017. Reference has also been made to Rule 33 of the CGST Rules, 2017.

According to the Revenue, the applicant has not submitted any details whether there will be any contractual agreement between the recipient of said supply (in this case the end customer) and the applicant. The Revenue opines that the invoice issued by the Third Party to the applicant entitles him to have title to the rented/booked room, which he is further supplying to the end customer which is being done with charging a "Facilitation/Service Fee". Therefore the said value cannot be excluded from Value of Taxable Supply even supplied without any consideration involved. It is submitted that the applicant is actually acting as a 'tour operator' and he should discharge tax @2.5% CGST + 2.5% SGST under serial no. 23 of Notification No. 11/2017 Central Tax (Rate) Dated 28.06.2017, as amended.

4.6 First of all, let us discuss the proposed model of business of the applicant in details. The applicant has placed on records some sample proforma invoices.

In the proposed business model a customer will approach the applicant for booking hotel accommodation on his behalf. The applicant will refer the matter to a Third Party Agent who has networks and agreements with different hotels for the purpose of booking rooms. This agent will book rooms in the hotel in the name of end customer and will issue tax invoice in the name of the applicant identifying the end customer as the consumer of service. The tax invoice will show the room rent along with applicable GST charged by the hotel and the charges for service provided by the Third Party Agent along with applicable GST.

The applicant in his invoice issued to the customer will recover from the end customer the total amount charged by the Third Party Agent as 'reimbursement of hotel booking charges' and will charge the customer separately for the service provided by the applicant along with applicable GST on the latter amount.

The applicant has not placed any proposed agreement or terms of agreement between him and the customer on the one hand and between him and the Third Party Agent on the other.

4.7 Now we will move to the concept of agent under the GST regime and how far the applicant's activity can be classified as one of an agent on the factual matrix.

Section 2(5) of the CGST Act, 2017 defines an 'Agent' as a person including a factor, broker, commission agent, *arhatia*, *del credere* agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another. The following points emerge out of this definition:

A) The above definition is an inclusive one. Agent is a person which includes a factor, broker, commission agent, *arhatia*, *del credere* agent, an auctioneer or any other mercantile agent
B) The agent must have a business of supply or receipt of goods or services or both
C) This business must be done on behalf of others

In the case in our hand, the applicant is a 'person' as defined under Section 2(84) of the CGST Act, 2017. His proposed model of business is a supply of service i.e. to facilitate hotel booking. This hotel booking will be done by the applicant on behalf of the customer who approaches the applicant for booking of hotel accommodation.

Evidently the applicant fits into the concept of agent as defined above.

4.8 Now we come to the concept of 'Pure Agent'. Generally speaking, a pure agent is one who while making a supply to the recipient, also receives and incurs expenditure on some other supply on behalf of the recipient and claims reimbursement on actual basis, without adding it to the value of his own supply for such supplies from the recipient of the main supply. The relationship between them is one of provider of service and recipient of service in respect of the main service on a principal to principal basis. On the other hand, the relationship between them in respect of other ancillary services is that of a pure agent.

In the GST acts and rules we find the reference to the term 'Pure Agent' in explanation to Rule 33 of the CGST Rules, 2017. The relevant rule is reproduced as under:

33. Value of supply of services in case of pure agent.

Notwithstanding anything contained in the provisions of this Chapter, the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply, if all the following conditions are satisfied, namely, –

(i) *the supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorisation by such recipient;*

(ii) *the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and*

(iii) *the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.*

Explanation. – For the purposes of this rule, the expression "pure agent" means a person who–

(a) *enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;*

(b) *neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;*

(c) *does not use for his own interest such goods or services so procured; and*

(d) *receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.*

Illustration. – Corporate services firm A is engaged to handle the legal work pertaining to the incorporation of Company B. Other than its service fees, A also recovers from B, registration fee and approval fee for the name of the company paid to the Registrar of Companies. The fees charged by the Registrar of Companies for the registration and approval of the name are compulsorily levied on B. A is merely acting as a pure agent in the payment of those fees. Therefore, A's recovery of such expenses is a disbursement and not part of the value of supply made by A to B.

4.9 The issue raised in the application for Advance Ruling is inextricably related to the concept of value of supply of service by a pure agent.

Section 2(105) of the CGST Act, 2017 provides that 'supplier' in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied. So it is clear that for the purposes of the CGST Act, 2017 an agent is considered as a supplier of goods or services or both.

Now the question is what is the value of supply in respect of an agent? The GST act does not

differentiate agent from other suppliers in this regard.
Section 15 of the CGST Act, 2017 provides the value of taxable supply. The relevant portions of the referred section are reproduced as under:

1. ***Value of Taxable Supply.***

(1) *The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.*

(2) *The value of supply shall include—*

(a) *any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the Central Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;*

(b) *any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;*

(c) *incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;*

(d) *interest or late fee or penalty for delayed payment of any consideration for any supply; and*

(e) *subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.*

Explanation.—For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

(3) *The value of the supply shall not include any discount which is given—*

(a) *before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and*

(b) *after the supply has been effected, if—*

(i) *such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and*

(ii) *input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.*

(4) *Where the value of the supply of goods or services or both cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed.*

(5) *Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Government on the recommendations* of the Council shall be determined in such manner as may be prescribed.

4.10 For better comprehension of the whole issue let us take the help of the clarification on this topic issued by CBIC. The following example taken from there will elucidate the matter further.

A is an importer and B is a Custom Broker. A approaches B for customs clearance work in respect of an import consignment. The clearance of import consignment and delivery of the consignment to A would also re-quire taking service of a transporter. So A, also authorises B, to incur expenditure on his behalf for procuring the services of a transporter and agrees to reimburse B for the transportation cost at actuals. In the given illustration, B is providing Customs Brokers service to A, which would be on a principal to principal basis. The ancillary service of transportation is procured by B on behalf of A as a pure agent and expenses incurred by B on transportation should not form part of value of Customs Broker service provided by B to A. This, in sum and substance is the relevance of the pure agent concept in GST.

The above CBIC clarification further points out that

The important thing to note is that a pure agent does not use the goods or services so procured for his own interest and this fact has to be determined from the terms of the contract. In the illustration of importer and Customs Broker given above, let us assume that the contract was for clearance of goods and delivery to the importer at the price agreed upon in the contract. In such case, the Customs Broker would be using the transport service for his own interest (as the agreement requires him to deliver the goods at the importer's place) and thus would not be considered as a pure agent for the services of trans-port so procured.

Another important fact is that, the person who provides any service as a pure agent receives only the actual amount for the services provided. Coming back to our ex-ample of Importer and Customs Broker, the agreement provides reimbursement of transport services utilised at actuals. In this case, let's say the value of transport service was Rs. 10,000/-. If the Customs Broker charges any amount more than Rs. 10,000/-, then he will not be considered as a pure *agent for the services of transport and the value of transport service will be included in the value of the supply of Customs Broker services by him.*

4.11 Keeping in mind the discussions made in Paragraph no. 4.7 to 4.10 we will now apply the factual matrix of the case in our hand to the preceding discussions.

Evidently the applicant will book the hotel rooms on behalf of the end customer after the end customer approaches the applicant for such booking. Of course, we have not been provided with the details of the agreement or contract between the end customer and the applicant in this respect. In absence of any such terms of agreement or contract, it can be presumed that the end customer is not aware of the kind of services that the applicant will require to take from others in order to provide the booking of room in a particular hotel on behalf of the end customer.

The fact is that the applicant will place order to a Third Party Agent for booking of rooms in a particular hotel. The hotelier will, as per proforma invoice placed before us, charge the room rent along with applicable GST in the name of the end customer disclosing the details of the booking agent. The booking agent will in turn issue bill in the name of the applicant charging separately the amount paid for room booking and other amount as his service charge. The end customer will receive a bill from the applicant in his name charging separately the amount paid to the booking agent as 'reimbursement of hotel booking' and another amount as service charge to be paid to the applicant.

4.12 If we recapitulate the definition of "pure agent" as provided in Explanation to Rule 33 of the CGST Rules, 2017 we will be able to understand how far the definition is applicable for our applicant. The explanation of the said rule provides

"pure agent" means a person who–

(a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;

(b) neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;

(c) does not use for his own interest such goods or services so procured; and

(d) receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.

What we observe from the facts and circumstances placed before us can be summarized as under:

(A) The applicant never enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of service.

Here we must focus on the words 'in the course of supply' as stipulated in point (a) of Explanation to Rule 33 *ibid*. A pure agent must be authorised by a contractual agreement to incur expenditure or costs on behalf of the recipient in the course of supply of goods or services or both to the recipient of supply. In absence of a contractual agreement on this specific point an agent loses its status as 'pure agent'.

In our case the end customer should know and authorise the applicant to procure on behalf of the end customer the services of the Third Party Agent in the course of booking of hotel room. Since there is no contractual agreement *per se*, there is hardly any question of acting as pure agent to incur expenditure or costs in the course of supply of services and the applicant does not qualify for point (a) *ibid*.

(B) As per the *modus operandi* described by the applicant, the booking agent will issue bill in the name of the applicant, not in the name of the end customer charging separately the amount paid for room booking and other amount as his service charge. Here the applicant becomes the recipient of supply of services provided by the Third Party Agent or the booking agent since the invoice is issued in his name. In our considered view, this invoicing pattern creates a scenario where the applicant holds the title to the services provided by the Third Party Agent. So point (b) of Explanation to Rule 33 *ibid* is not applicable as well.

(C) As we have discussed, the applicant is holding the title to the services procured from Third Party Agent and as such he is said to have used the service for his own interest of providing services to the end customer. So, on this count also the applicant fails to satisfy point (c) of Explanation to Rule 33.

(D) According to the facts placed before us, the applicant not only receives amount incurred for hotel room booking, but also for intermediary services provided by the Third Party Agent and we must appreciate the fact that this second element of expenditure is done without the prior knowledge of the end customer and without any authority given by him to the applicant.

4.13 In our considered view, the applicant fails to qualify as 'pure agent' as provided in Rule 33 of the CGST Act, 2017. The referred rule provides the 'value of supply of services by a pure agent'. Since the applicant does not qualify as pure agent, the provisions of the rule are not at all applicable for the transactions referred to in this application for advance ruling.

In view of the foregoing, we rule as under:

RULING

Given the facts and circumstances narrated in the application for advance ruling, the applicant does not qualify as pure agent as defined in the Explanation to Rule 33 of the CGST Rules, 2017. Accordingly the provisions of the rule are not applicable for the applicant so far as the proposed model of business is concerned.

The service of booking of hotel room as provided by the applicant will come under SAC 998552 which refers to reservation services for accommodation, cruises and package tours and as such tax should be charged @ 9% CGST + 9% SGST under serial no. 23(iii) of Notification No. 11/2017 – Central Tax (Rate) dated 28.06.2017, as amended on the entire consideration received by the applicant from the end customer.

Sd/-	Sd/-
(YOGESH SUGDEO CHITTE)	(JAYDIP KUMAR CHAKRABARTI)
Member	Member
West Bengal Authority for Advance Ruling	West Bengal Authority for Advance Ruling

Place: Kolkata
Date: 7th August, 2026

To,
Feel Good Hospitality Private Limited,
3rd Floor, E 0301, City Centre, Matigara, Siliguri,
Darjeeling, West Bengal, 734010

Copy to,

(1) The Principal Chief Commissioner, CGST & CX, 180, Shantipally, R.B.Connector, Kolkata - 700107

(2) The Commissioner of State Tax, West Bengal, 14, Beliaghata Road, Kolkata - 700015

(3) The Commissioner, CGST & CX, Siliguri Commissionerate, C.R. Building, Haren Mukherjee Road, Hakimpara, Siliguri, West Bengal, PIN 734001

(4) The Charge Officer, Commercial Taxes, Siliguri Charge, Paribahan Nagar, Matigara, Siliguri, Dist.- Darjeeling, Pin 734010

(5) Office Copy