GUJARAT AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX
D/5, RAJYA KAR BHAVAN, ASHRAM ROAD,
AHMEDABAD – 380 009.

1 NATION TAX MARKET

ADVANCE RULING NO. **GUJ/GAAR/R/2026/36**
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2026/AR/01)

Date:25/09/2026

Name and address of the applicant	:	M/s. Torrent Pharmaceuticals ltd., Torrent House, Off. Ashram Road, Ahmedabad – 380009.
GSTIN of the applicant	:	24AAACT5456A1ZR
Jurisdiction Office	:	Centre jurisdiction – Ahmedabad Zone, Ahmedabad North Commissionerate, Division-VI - S.G. Highway West, Range-II.
Date of application	:	08.01.2026
Clause(s) of Section 97(2) of CGST/GGST Act, 2017, under which the question(s) raised.	:	(d) & (e)
Date of Personal Hearing	:	29.05.2026
Present for the applicant	:	Ms. Priyanka Kalwani & Ms. Aanchal Trivedi, both Advocates.

Brief facts:

1. M/s. Torrent Pharmaceuticals Ltd. having its' corporate office at Torrent House, Off. Ashram Road, Ahmedabad – 380009 (hereinafter referred to as the applicant) is registered with the GST Department having GSTIN No.24AAACT5456A1ZR. The applicant is engaged in the manufacture of pharmaceutical products.

2. The applicant has submitted that they have more than 250 employees in their Indrad plant located at Ahmedabad Mehsana Highway, Indrad village, Mehsana; that they have more than 250 employees at their R & D facility located at Bhat, Ahmedabad; that as per Section 46 of the Factories Act, it is mandatory for the applicant to provide a canteen facility to the workers in accordance with the Factories Act; that the applicant is also having more than 100 employees working in the corporate office located at Torrent House, Ashram road, Ahmedabad and as per Section 23 of the Gujarat Shops and Establishments Act, the applicant is obliged to run and maintain a canteen for its' employees at the corporate office; that as part of

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the canteen facility, the applicant provides breakfast, snacks, lunch and dinner and in order to provide such food and beverages to its' employees, the applicant has engaged a canteen service provider. Further, the applicant is also registered under the Shops and Establishment Act.

3. The applicant has further submitted that they provide canteen facilities to their employees in terms of the canteen policy dated 01.04.2025; that Clause(1) of the canteen policy states that *"the objective of this policy is to ensure the availability of hygienic, nutritious, and affordable meals to employees during working hours and by offering subsidized food services, the company aims to support employee well-being, satisfaction and convenience";* that at the Indrad plant and R&D unit, the applicant is deducting 50% of the cost of the meals from salaries of employees towards the canteen facility and remaining cost is borne by them; that for the corporate office, the applicant has adopted a cross-subsidy model where the employees at higher management have less subsidy vis-à-vis middle and junior employees viz. Subsidy given to Vice President and above - 4%, GM – 11%, Asst. GM – 30%, Manager – 40%, Asst. Manager, Management trainee & below – 49%; that the canteen service providers are issuing tax invoices on the applicant on monthly basis under SAC 996333 and charging GST @5% and that the applicant is not availing input tax credit of the GST paid to the canteen service providers.

4. The applicant is seeking Advance Ruling on the following questions:

(1) Whether GST is liable to be discharged on the portion of the amount recovered by the applicant from its employees towards the canteen facilities provided to the employees at the Indrad plant, R & D unit and corporate office?

(2) Whether the applicant is eligible to avail input tax credit of the GST charged by the canteen service provider for the canteen facility provided to its employees at the Indrad plant, R & D facility and corporate office?

5. The applicant's interpretation of law is as under:

- The canteen facility provided to the employees at the factory premises at Indrad, R & D facility and Corporate Office does not qualify as 'supply' as per Section 7 of the CGST Act, 2017 and no GST is leviable on the same.

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Such canteen facility is provided by the applicant as a company policy and thus, qualifies as perquisite provided by an employer to an employee in the course of employment, hence no GST is liable on it as per CBIC Circular No.172/04/2022-GST dated 06.07.2022 and Press Release No.73/2017 dated 10.07.2017.

- There should be a legal intention of both the parties to the contract to supply and receive the goods or services or both and the absence of such intention would not amount to "supply" within the meaning of Section 7 of the CGST Act i.e. the supply transaction requires something in return, which the person supplying will obtain which may be in monetary terms/in any other form except in cases of deeming provision as specified in Schedule-I & the supply of goods or services or both shall be affected by a person in the course of furtherance of business

- The applicant only acts as a mediator between the employees and canteen service provider, does not retain any profit margin while recovering the amounts from its employees towards canteen facilities and the nominal amounts recovered by way of deduction from the salaries of its pay roll employees towards meals are only towards the expenditure/costs incurred by the applicant for providing such meals.

- 'Consideration' is one of the essential elements of 'supply' under Section 7 of the CGST Act, 2017; that as per Section 2(31)(a) of the CGST Act, 'consideration' is defined as *"payment made in respect of supply of goods or services or both, whether by the recipient of service or by any other person";* that the applicant has no legal intention to enter into a contract with its employees for the exclusive supply of canteen facility, hence nominal amounts recovered by the applicant from the employees is not to be treated as 'consideration' since it is not premised on the enforcement of any reciprocal obligations and cannot be linked to a 'supply' for the purpose of levy of GST.

- The applicant has relied on: *(i) the decision of Gujarat Advance Ruling Authority in M/s. Alleima India Pvt. Ltd. reported at 2024-VIL-113-AAR. (ii) the decision of Madhya Pradesh Advance Ruling Authority in M/s. Bharat Oman Refineries Ltd. reported at 2021-TIOL-36-AAAR-GST* and a few other decisions to support their cause.

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- The applicant is eligible to avail input tax credit (hereinafter referred to as 'ITC') of the GST paid on the canteen services received from the canteen service providers at the factory premises, R & D facility and corporate office in terms of the proviso to Section 17(5)(b) of the CGST Act, 2017 since it is obligatory for the applicant to provide such canteen facility to the employees under the law i.e. as per Section 46 of the Factories Act & Section 23 of the Gujarat Shops and Establishments Act.

- Though the canteen service provider is issuing invoices to the applicant, the beneficiaries of the canteen facility are the employees on payroll of the applicant. Further, the applicant merely allows the canteen service provider to use the canteen area within the factory premises, R&D facility and corporate office for serving food to the employees on payroll and makes payment to the canteen service providers on behalf of the employees for administrative convenience.

- The employment agreement entered between the applicant and the employees is for receipt of employment services from the employees by the applicant during the course of employment; the said agreement is not for providing the canteen service by the applicant to the employees; that the basic requirement of qualifying as a supply under GST are not satisfied in the present case.

- The applicant deducts a pre-determined amount from the employee's salary as recovery of expenses; thus, there is no reciprocity of any activity or transactions i.e. there is no quid pro quo (there is no implied or express reciprocity) and direct and immediate link or nexus between the canteen services provided by the canteen services provider to the applicant and the nominal amount recovered from the employees by the applicant in terms of the canteen policy; in absence of an identifiable supply, the activity of recovering nominal amounts from the employee's salary towards the provision of meals would not constitute 'consideration' for supply.

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- As per Section 46 of the Factories Act, the applicant has been mandated to provide canteen facility to the workers within the factory premises at Indrad plant and R&D facility. Section 46 of the Factories Act reads as under:

  "Section 46 – Canteens
  (1) The State Government may make rules requiring that in any specified factory ***wherein more than two hundred and fifty workers are ordinarily employed, a canteen or canteens shall be provided and maintained by the occupier for the use of the workers.***
  (2) Without prejudice to the generality of the foregoing power, such rules may provide for- (a) the date by which such canteen shall be provided;
  (b) the standards in respect of construction, accommodation, furniture and other equipment of the canteen;
  (c) the foodstuffs to be served therein and the charges which may be made therefore;
  (d) the constitution of a managing committee for the canteen which are not to be taken into account in fixing the cost of foodstuffs and which shall be borne by the employer;
  (dd)the items of expenditure in the running of the canteen which are not to be taken into account in fixing the cost of foodstuffs and which shall be borne by the employer;
  (e) the delegation of the Chief Inspector, subject to such conditions as may be prescribed, of the power to make rules under clause(c)."

- In the present case, the applicant is running and maintaining canteen mandated in terms of Section 46 of the Factories Act, hence, they are entitled to avail ITC of GST paid to the canteen service providers by virtue of the proviso to Section 17(5) (b) of the CGST Act.
- As per Section 23 of the Gujarat Shops and Establishments Act, the applicant is required to provide and maintain canteen within the premises of corporate office where 100 or more workers are employed. Relevant provision of Section 23 reads as under:

  "Section 23. Canteen
  The employer shall provide and maintain in the shop or establishment, wherein not less than one hundred workers are employed or ordinarily employed to maintain a canteen for the use of its workers;
  Provided that, if a group of shops or establishments decide to provide a common canteen, then the same shall be permitted by the Inspector by an order, subject to such conditions as may be specified in the order."

- In the present case, the applicant is running and maintaining a canteen in terms of Section 23 of the Gujarat Shops and Establishments Act since the applicant is employing more than 100 workers in its corporate office & hence, the applicant is entitled to avail ITC of GST paid to the canteen service provider by virtue of the proviso to Section 17(5)(b) of the CGST Act.

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- The applicant has stated that there are multiple Advance Rulings on similar issues wherein it was held that applicant is eligible to avail ITC on the canteen facility provided to its employees in case such canteen facility is mandated to be provided under any law for the time being in force.

- The applicant has relied on the decisions of Gujarat Advance Ruling Authority in (i) M/s. Troika Pharmaceuticals Limited, (ii) M/s. Suzuki Motor Gujarat Pvt. Ltd. reported at 2024(2)TMI 848. (iii) EIMCO Elecon India Limited reported at 2023(9)TMI 164 & a few more judgements/decisions to support their case.

- The applicant has concluded his submission stating that:

(i) No GST is leviable on the nominal amounts recovered by the applicant from its employees for canteen facility provided at the Indrad plant, R & D facility and corporate office as the same qualifies as "perquisite" in terms of Circular No.172/04/2022-GST dated 06.07.2022-GST dated 06.07.2022.

(ii) They are eligible to avail ITC in respect of the GST paid on inward supply of canteen services used for providing canteen facility to its employees at the Indrad plant, R & D facility and corporate office, since the input service is used in the course of furtherance of business of the applicant and maintaining such canteen is mandatory in terms of the Factories Act and the Gujarat Shops & Establishment Act.

6. Personal hearing was granted on 29.05.2026 wherein Ms. Priyanka Kalwani & Ms. Aanchal Trivedi, both Advocates, appeared on behalf of the applicant and reiterated the facts & grounds as stated in the application. During the course of personal hearing, they submitted copies of rulings/supporting documents for the applicant.

Discussion and findings

7. At the outset, we would like to state that the provisions of both the CGST Act and the GGST Act are the same, except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the GGST Act.

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8. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made by the representative of the applicant during the course of personal hearing. We have also considered the issue involved, the relevant facts & the applicant's submission/views in respect of question on which the advance ruling is sought.

9. As per the applicant's submission, they have more than 250 employees in their Indrad plant located at Ahmedabad Mehsana Highway, Indrad village, Mehsana and more than 250 employees at their R & D facility located at Bhat, Ahmedabad. They have further submitted that as per Section 46 of the Factories Act, it is mandatory for the applicant to provide a canteen facility to the workers in accordance with the Factories Act. Further, they are also having more than 100 employees working in the corporate office located at Torrent House, Ashram road, Ahmedabad and as per Section 23 of the Gujarat Shops and Establishments Act, the applicant is obliged to run and maintain a canteen for its' employees at the corporate office and as part of the canteen facility, the applicant provides breakfast, snacks, lunch and dinner and in order to provide such food and beverages to its' employees for which the applicant has engaged a canteen service provider.

10. The applicant has also submitted that they provide canteen facilities to their employees in terms of the canteen policy dated 01.04.2025; that Clause (1) of the canteen policy states that *"the objective of this policy is to ensure the availability of hygienic, nutritious, and affordable meals to employees during working hours and by offering subsidized food services, the company aims to support employee well-being, satisfaction and convenience";* that at the Indrad plant and R&D unit, the applicant is deducting 50% of the cost of the meals from salaries of employees towards the canteen facility and remaining cost is borne by them; that for the corporate office, the applicant has adopted a cross-subsidy model where the employees at higher management have less subsidy vis-à-vis middle and junior employees viz. Subsidy given to Vice President and above - 4%, GM – 11%, Asst. GM – 30%, Manager – 40%, Asst. Manager, Management trainee & below – 49%; that the canteen service providers are issuing tax invoices on the applicant on monthly basis under SAC 996333 and charging GST @5% and that the applicant is not availing input tax credit of the GST paid to the canteen service providers.

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11. The applicant is seeking Advance Ruling on the following questions:

(1) Whether GST is liable to be discharged on the portion of the amount recovered by the applicant from its employees towards the canteen facilities provided to the employees at the Indrad plant, R & D unit and corporate office?

(2) Whether the applicant is eligible to avail input tax credit of the GST charged by the canteen service provider for the canteen facility provided to its employees at the Indrad plant, R & D facility and corporate office?

12. Before dwelling into the issue on hand, we would like to reproduce the relevant provisions/circular for ease of reference which are as under:

Section 7. *Scope of supply,-*
(1) For the purposes of this Act, the expression "supply" includes-
(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Explanation .-For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law, for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two
separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;

(b) import of services for a consideration whether or not in the course or furtherance of business: and
(c) the activities specified in Schedule I, made or agreed to be made without a consideration:
*(d) [****1.*

(1A) where certain activities or transactions, constitute a supply in accordance with the provisions of sub-section (l), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

(2) Notwithstanding anything contained in sub-section (1),-
(a) activities or transactions specified in Schedule III: or
(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,
shall be treated neither as a supply of goods nor a supply of services.

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(3) Subject to the provisions of [sub-sections (1), (lA) and (2)], the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as-
(a) a supply of goods and not as a supply of services: or
(b) a supply of services and not as a supply of goods.

Section 17. Apportionment of credit and blocked credits - (relevant extracts)

5) Notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, input tax credit shall not be available in respect of the following, namely: -
[(a) ... ...-.;
(aa) ... ...:
(ab) ... ...:
(b) the following supply of goods or services or both-
(i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein, life insurance and health insurance:

Provided that the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;
(ii) membership of a club, health and fitness centre; and
(iii) travel benefits extended lo employees on vacation such as leave or home travel concession:

Provided that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.

CBIC's press release dated 10.7.2017

Another issue is the taxation of perquisites. It is pertinent to point out here that the services by an employee to the employer in the course of or in relation to his employment is outside the scope of GST (neither supply of goods or supply of services). It follows therefrom that supply by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST. Further, the input tax credit (ITC) scheme under GST does not allow ITC of membership of a club, health and Fitness Centre [section l7 (5) (b) (ii)]. It follows, therefore, that if such services are provided free of charge to all the employees by the employer then the same will not be subjected to GST, provided appropriate GST was paid when procured by the employer. The same would hold true for free housing to the employees, when the same is provided in terms of the contract between the employer and employee and is part and parcel of the cost-to-company (C2C).

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S.No.	Issue	Clarification
3	Whether the proviso at the end of clause (b) of subsection (5) of section l7 of the CGST Act is applicable to the entire	1. Vide the Central Goods and Service Tax (Amendment Act) 2018, clause (b) of subsection (5) of section 17 of the CGST Act was substituted with effect from 01.02.2019. After the said substitution, the proviso after sub clause (iii) of clause (b) of sub-

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	clause (b) or the said proviso is applicable only to sub-clause (iii) of clause (b)?	section (5) of section 17 of the CGST Act provides as under: *"Provided that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force."* 2. The said amendment in sub-section (5) of section I7 of the CGST Act was made based on the recommendations of GST Council in its 28th meeting. The intent of the said amendment in subsection (5) of section 17, as recommended by the GST Council in its 28th meeting, was made known to the trade and industry through the Press Note on Recommendations made during the 28th meeting of the GST Council, dated 21 .07.2018. It had been clarified "that scope of input tax credit is being widened, and it would now be made available in respect of Goods or services which are obligatory for an employer to provide to its employees, under any law for the time being in force." 3. Accordingly, it is clarified that the proviso after sub-clause (iii) of clause (b) of subsection (5) of section 17 of the CGST Act is applicable to the whole of clause (b) of subsection (5) of section l7 of the CGST Act.
5	Whether various perquisites provided by the employer to its employees in terms of contractual agreement entered into between the employer and the employee are liable for GST	1. Schedule III to the CGST Act provides that "services by employee to the employer in the course of or in relation to his employment" will not be considered as supply of goods or services and hence GST is not applicable on services rendered by employee to employer provided they are in the course of or in relation to employment. 2. Any perquisites provided by the employer to its employees in terms of contractual agreement entered into between the employer and the employee are in lieu of the services provided by employee to the employer in relation to his employment. It follows there from that perquisites provided by the employer to the employee in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST when the same are provided in terms of the contract between the employer and the employee.

13 The first issue to be decided is whether the deduction made by the applicant from the employees who are availing food in the factory/corporate office would be considered as a 'supply' under the provisions of Section 7 of the CGST Act, 2017. Now, in terms of Section 7 of the CGST Act 2017, supply means all forms of 'supply' of goods/services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. The exception being Schedule I, which includes the activities made or agreed to be made without a consideration and Schedule III,

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which includes activities or transactions which shall be treated neither as a supply of goods nor a supply of services. The applicant's case is that they employ more than 250 persons at their factory located at Indrad village, Ahmedabad Mehsana Highway, Mehsana and more than 250 persons are employed at their R&D facility at Village Bhat, Ahmedabad. Also, as per the information available online, the R&D facility located in Bhat, Ahmedabad focuses on basic and applied pharmaceutical research i.e. key activities include discovering New Chemical Entities (NCEs), developing novel drug delivery systems (NDDS), and researching differentiated formulations for therapies like cardiovascular (CV) and central nervous system (CNS) diseases. Further, both these locations have been provided with canteen facility in terms of Section 46 of the Factories Act, 1948. We find that the applicant is paying GST @ 5% in terms of the invoices raised by the Canteen Service Provider. The applicants' primary role is that he provides a demarcated space and that the amount is paid by him to the Canteen Service Provider [a part of which is collected from the employees] on behalf of the employees for administrative convenience. Section 2(m) of the Factories Act, 1948 defines 'factory' as under:

(m) "factory " means any premises including the precincts thereof-
(i) whereon ten or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or
(ii) whereon twenty or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on without the aid of power, or is ordinarily so carried on,-
but does not include a mine subject to the operation of [the Mines Act, 1952 (35 of 1952)], or [a mobile mobile unit belonging to the armed forces of the Union, railway running shed or a hotel, restaurant or eating place.
Explanation I: For computing the number of workers for the purposes of this clause all the workers in [different groups and relays] in a day shall be taken into account;
Explanation II: For the purposes of this clause, the mere fact that an Electronic Data Processing Unit or a Computer Unit is installed in any premises or part thereof, shall not be construed to make it a factory if no manufacturing process is being carried on in such premises or part thereof;]

13.1 Section 46 of the Factories Act, 1948 reads as under:

Section 46. Canteens -

(1) The State Government may make rules requiring that in any specified factory wherein more than two hundred and fifty workers are ordinarily employed, a canteen or canteens shall be provided and maintained by the occupier for the use of the workers.]

(2) Without prejudice to the generality of the foregoing power, such rules may provide for—
(a) the date by which such canteen shall be provided;
(b) the standards in respect of construction, accommodation, furniture and other equipment of the canteen;
(c) the foodstuffs to be served therein and the charges which may be made therefor;
(d) the constitution of a managing committee for the canteen and representation of the workers in the management of the canteen;
(dd) the items of expenditure in the running of the canteen which are not to be taken into account in fixing the cost of foodstuffs and which shall be borne by the employer;]

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(e) the delegation to the Chief Inspector, subject to such conditions as may be prescribed, of the power to make rules under clause (c).

13.2 Now in terms of Circular No. 172/04/2022-GST, it is clarified that perquisites provided by the 'employer' to the 'employee' in terms of contractual agreement entered into between the employer and the employee, will not be subjected to GST when the same are provided in terms of the contract between the employer and employee. We find that factually there is no dispute as far as [a] the canteen facility is provided by the applicant as mandated in Section 46 of the Factories Act, 1948 is concerned; and [b] the applicant has provided a copy of the agreement for canteen services to employees under the head Canteen Facility Policy. Relevant portion of the same is reproduced hereunder:

For Indrad plant:

1. Objective of the Policy:
The objective of this policy is to ensure the availability of hygienic, nutritious and affordable meals to employees during working hours. By offering subsidized food services, the company aims to support employee well-being, satisfaction and convenience.

2. Canteen Facilities:
Company-operated canteen will provide the following meals as per time:

Particulars	***A-Shift***	***G-Shift***	***B-Shift***	***C-Shift***
Shift timings	***7.00 am - 3.30 pm***	***9.00 am - 6.00 pm***	***3.00 pm - 11.30 pm***	***11.00 pm - 7.15 am***
Breakfast	*6.40 am to 6.55 am*	*8.40 am to 8.55 am*		
Lunch	*10.15 am – 2.00 pm*			
Tea/Snacks - Out time*	*3.30 pm - 3.45 pm*	*6.00 pm - 6.15 pm*		
Tea-In time			*2.40 pm - 2.55 pm*	
Dinner			*6.45 pm - 8.45 pm*	
Tea/Snacks- Out time*			*11.30 pm–11.45 pm*	
Tea – In time				*10.40 pm–10.55 pm*
*Night Tea/Snacks**				*1.55 am to 2.10 am*
Tea/Snacks" - Out time				*7.15 am to 7.30 am*

Employees must adhere to the designated timing for each meal service to ensure efficient operations and minimize disruptions.

3. Canteen Charges and Deductions (subsidy):
To make meals affordable, the company provides 50% subsidy on breakfast, meal and snacks rates. The applicable charges to be deducted directly from the employee's monthly salary.

For R & D Center

1. Objective of the Policy:
The objective of this policy is to ensure the availability of hygienic, nutritious and affordable meals to employees during working hours. By offering subsidized food services, the company aims to support employee well-being, satisfaction and convenience.

2. Canteen Facilities:
Company-operated canteen will provide the following meals as per time:

Particulars	***A-Shift***	***G-Shift***	***B-Shift***	***C-Shift***
Shift timings	***7.00 am - 3.30 pm***	***9.00 am - 6.00 pm***	***3.00 pm - 11.30 pm***	***11.00 pm - 7.15 am***
Breakfast/Tea	*6.45 am - 7.00 am*	*8.45 am - 9.00 am*		*6.45 am - 7.00 am*

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Lunch	*12.00 pm – 2.00 pm*			
Noon Tea	*3.30 pm – 3.45 pm*			
Snacks/Tea			*6.15 pm – 6.30 pm*	
Dinner			*8.00 pm – 9.30 pm*	

Employees must adhere to the designated timing for each meal service to ensure efficient operations and minimize disruptions.

3. Canteen Charges and Deductions (subsidy):
To make meals affordable, the company provides 50% subsidy on breakfast, meal and snacks rates. The applicable charges to be deducted directly from the employee's monthly salary.

13.3 In view of the foregoing, we hold that the deduction made by the applicant from the employees who are availing food in the factory would not be considered as a 'supply' under the provisions of Section 7 of the CGST Act, 2017.

14. We find that the applicant has sought a ruling for canteen services provided at his Corporate Office also. As per the submission of the applicant, their Corporate Office is situated at Torrent House, Off. Ashram Road, Ahmedabad – 380009. They have obtained a registration under the Shops and Establishments Act and have submitted a copy of the same. Further, their factory is located at Indrad village, Ahmedabad Mehsana Highway, Mehsana and their R & D facility is located at Village Bhat, Ahmedabad. However, the Corporate office would fall within the ambit of the term 'establishment' as defined under section 2(c) of the Gujarat Shops and Establishment (Regulation of Employment and Condition of Service) Act, 2019, which states as follows:

(c) "establishment" means an establishment which carries on, any business, trade, manufacture or any journalistic or printing work or business of banking, insurance, stocks and shares, brokerage or exchange or profession or any work in connection with, or incidental or ancillary to, any business, trade or profession or manufacture; and includes, -

(i) establishment of any medical practitioner (including hospital, dispensary, clinic, polyclinic, maternity home and such others), architect, engineer, accountant, tax consultant or any other technical or professional consultant;
(ii) a society registered under the Societies Registration Act, 1860 and a charitable or other trust, whether registered or not, which carries on, whether for purpose of gain or not, any business, trade or profession or work in connection with or incidental or ancillary thereto;
(iii) shop, residential hotel, restaurant, eating house, theatre or other place of public amusement or entertainment; to whom the provisions of the Factories Act, 1948 do not apply;
(iv) such other establishment as the State Government may, by notification in the Official Gazette, declare to be an establishment for the purpose of this Act;

14.1 Further, section 23 of the said Act states as follows:

"23. The employer shall provide and maintain in the shop or establishment, wherein not less than one hundred workers are employed or ordinarily employed to maintain a canteen for the use of its workers:

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Provided that if a group of shops or Establishments decide to provide a common canteen, then the same shall be permitted by the Inspector by an order, subject to such conditions as may be specified in the order."

14.2 Further, the applicant has provided a copy of the agreement for canteen services to employees under the head Canteen Facility Policy in respect of their Corporate office. Relevant portion of the same is reproduced hereunder:

For Corporate Office

1. Objective of the Policy:
The objective of this policy is to provide hygienic and nutritious meals prepared from quality ingredients at affordable price to employees. By offering subsidized food services, the company aims to support employee well-being, satisfaction and convenience.

2. Canteen Facilities:
The company-operated canteen will provide the following meals:

Meal	*Standard Timings*
Lunch	*(12.00 pm) to (2.30 pm)*
Tea/Snacks	*Mid-morning Tea & Coffee and Mid-afternoon Tea & coffee breaks and snacks between 4.30 pm to 6.40 pm.*

3. Canteen Charges and Deductions (subsidy):
To achieve economics of scale and keep meal cost affordable, the company have adopted cross subsidy model where in employees at higher management will have lesser subsidy vis-à-vis higher subsidy is given to middle and junior management employees. Employees at executive level or below will receive 49% subsidy on meal rates. All applicable charges will be deducted directly from the employee's monthly salary.

Designation	*Monthly Recovery*	*Subsidy %*
Vice President & above.	*2000*	*4%*
General Manager	*1850*	*11%*
Assistant General Manager	*1450*	*30%*
Manager	*1250*	*40%*
Assistant Manager & Management trainee	*1050*	*49%*
Executive & below	*48/Meal*	*49%*

14.3 On a conjoint reading of the above, it is evident that [a] the canteen facility is provided by the applicant to the employees of its corporate office as mandated in Section 23 of the Gujarat Shops and Establishment (Regulation of Employment and Condition of Service) Act, 2019, is concerned; and [b] the applicant has provided a copy of the agreement for cafeteria /canteen services to employees. Further, the applicant is also registered under the Shops and Establishment Act. Hence, in terms of the clarification issued by the Board vide Circular No. 172/04/2022-GST, at sr no. 5 of para 2, we hold that the deduction made by the applicant from the employees who are availing food in the Corporate Office would not be considered as a supply under the provisions of section 7 of the CGST Act, 2017.

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15. The next question on which the applicant has sought ruling is whether Input Tax Credit of GST charged by the Canteen Service provider would be eligible for availment by the applicant. In this connection, before proceeding further, certain factual aspects which we would like to mention, though at the cost of repetition are as under:

> that they employ 250 employees at their factory located at Indrad Village, Ahmedabad-Mehsana Highway at Mehsana, 250 employees at their R & D facility located at Bhat at Ahmedabad and more than 100 employees at their corporate office located at Torrent House, Off. Ashram road, Ahmedabad.

> that Section 17(5)(b) ibid, was amended on 1.2.2019;

> that the applicant is mandated vide Section 46 of the Factories Act, 1948 to provide canteen facility to its employees within the factory premises in Indrad village and R & D facility at Bhat in Ahmedabad and in terms of Section 23 of the Gujarat Shops and Establishment (Regulation of Employment and Condition of Service) Act, 2019 to provide canteen facility to its employees at the Corporate office;

> that Circular No. 172/4/2022-GST clearly clarifies that post substitution, effective from 1.2.2019, based on the recommendation of the GST council in its 28th meeting, the proviso after sub clause (iii) of clause (b) of Section 17(5) of the CGST Act, 2017 is applicable to the whole of clause 17(5)(b), ibid.

15.1 In view of the foregoing, we hold that Input Tax Credit will be available to the applicant in respect of food and beverages as canteen facility is obligatorily to be provided under the Factories Act, 1948 and Gujarat Shops and Establishment (Regulation of Employment and Condition of Service) Act, 2019 as far as provision of canteen service for employees working at the Factory/R&D facility/Corporate office is concerned. It is further held that the ITC on GST charged by the canteen service provider will be restricted to the extent of cost borne by the applicant only.

16. The applicant is found to have relied on a plethora of Advance Rulings to support their case. Here, we would like to bring to the notice of the applicant that as per Section 103 of the CGST Act, 2017, the advance ruling pronouncements by the Authority of Advance Ruling OR the Appellate Authority of Advance Ruling are binding only: (a) on the applicant who had sought it in respect of any matter referred to in sub-section (2) of section 97 for advance ruling AND (ii) on the concerned officer or the jurisdictional officer in respect of the applicant. Hence, reliance placed by the applicant on pronouncements made by the Advance Ruling Authorities OR

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the Appellate Advance Ruling Authorities in respect of matters raised by some other applicants, to support their case, is totally unjustified and unacceptable.

17. In view of the above, we rule as under: -

RULING

Question-1: Whether GST is liable to be discharged on the portion of the amount recovered by the applicant from its employees towards the canteen facilities provided to the employees at the Indrad plant, R & D unit and corporate office?

Answer-1: No. GST is not liable to be discharged on the portion of amount recovered by the applicant from its employees towards the canteen facilities provided to the employees at the Indrad plant, R & D unit and corporate office as it would not be considered as a "supply" under the provisions of Section 7 of the CGST Act, 2017.

Question-2: Whether the applicant is eligible to avail input tax credit of the GST charged by the canteen service provider for the canteen facility provided to its employees at the Indrad plant, R & D facility and corporate office?

Answer-2: Yes. Input Tax Credit (ITC) will be available to the applicant on GST charged by the service provider for the canteen facility provided to its employees working at their factory, R & D facility as well as the corporate office, in view of the provisions of Section 17(5)(b) and clarification issued by CBIC vide Circular No. 172/04/2022-GST dated 06.07.2022 read with provisions of Section 46 of the Factories Act, 1948 and Gujarat Shops and Establishment (Regulation of Employment and Condition of Service) Act, 2019. ITC on the above is restricted to the extent of the cost borne by the applicant for providing canteen services to its employees, but disallowing proportionate credit to the extent embedded in the cost of goods recovered from such employees.

(Sushma Vora)
Member (SGST)

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GOODS AND SERVICES TAX, AHMEDABAD

(Vishal Malani)
Member (CGST)

Place: Ahmedabad
Date: 25/09 /2026

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