

M/s. Frutta Services Private Limited

Appellate Authority for Advance Ruling — Tamil Nadu

Order-in-Appeal No. AAAR/06/2026(AR)

Dated 08.05.2026

Q Questions Before the Authority

- Whether the applicant can claim input tax credit (ITC) and charge the client according to the category of supply of goods.

F Facts

The applicant is engaged in the supply of food and beverages to corporate clients, acting as an intermediary between third-party kitchens and the clients. They do not manufacture or prepare the food themselves but manage the logistics, quality assurance, and delivery of the food to the client's premises. The applicant sought a ruling on whether this activity constitutes a supply of goods or a supply of services and the applicable tax treatment.

H Ruling

Classification and taxability of food supply

The activity is a composite supply of services taxable at 18% (9% CGST and 9% SGST) under SAC 996337.

The applicant is eligible to avail ITC on the inward supply of goods/services.

The Appellate Authority upheld the original ruling, confirming that the applicant's activity is a composite supply of services rather than a supply of goods. Consequently, the applicant is not permitted to charge GST as a supply of goods and must pay tax at the rate of 18% under the residual entry for services.

R Reasoning

The Authority determined that the applicant's role involves more than mere aggregation, as they manage menu finalization, quality assurance, and delivery logistics under contractual agreements. Relying on **Schedule II of the CGST Act**, the supply of food in this manner is treated as a supply of service. Since the activity does not fit into specific categories like restaurant or outdoor catering services, it falls under the **residual entry** of Notification No. 11/2017-Central Tax (Rate), attracting an 18% GST rate. The Authority also noted that the applicant does not qualify as an Electronic Commerce Operator.

P Provisions Relied On

Section 7(1) of the CGST Act, 2017

Section 7(1A) of the CGST Act, 2017

Section 17(5)(b)(i) of the CGST Act, 2017

Schedule II of the CGST Act, 2017

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017

! For the Practitioner

This ruling clarifies that intermediaries managing food supply chains for corporates are providing a **composite supply of services** rather than trading in goods. It settles that such activities are subject to the 18% residual service tax rate, effectively denying the lower tax rates applicable to restaurant or catering services. Practitioners should note that this decision hinges on the specific contractual obligations regarding quality and logistics management.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [frutta services private limited aaar order.pdf](#)

Prepared 11-10-2026.

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