

M/s Ion Trading India Private Limited

Appellate Authority for Advance Ruling — Uttar Pradesh

Order No. 11/AAAR/16/03/2020 dated 16.03.2020

Q Questions Before the Authority

- Whether amount recovered from the employees towards car parking charges payable to Shantiniketan Properties Private Limited (building authorities), would be deemed as Supply of service by the applicant to its employees?
- If the first question is answered in affirmative, whether the value of aforesaid supply would be NIL, being provided in the capacity of a Pure Agent? If valuation is not accepted as NIL, what would be the value of such supply?
- If GST is payable on the such amount recovered from the employees, whether the GST paid by the applicant to building authorities towards car parking charges would be admissible as input tax credit against supply of car parking services to employees?

F Facts

The appellant is a software development company that facilitates car parking spaces for its employees by procuring them from a third-party building owner. The appellant pays the lease charges to the building owner and recovers an equivalent amount from the employees using the parking spaces. The appellant does not claim input tax credit on these lease charges and maintains that it acts merely as a facilitator for its employees.

H Ruling

Whether recovery of parking charges is a supply of service	Yes	Affirmative
Whether value of supply is NIL as a pure agent	Yes	Subject to fulfillment of conditions prescribed for pure agent
Admissibility of input tax credit	Redundant	Question became redundant as the value of supply was held to be NIL

The Appellate Authority ruled that the recovery of parking charges from employees constitutes a supply of service by the applicant. However, it further held that the value of this supply is NIL, provided the applicant fulfills the conditions prescribed for acting as a pure agent. Consequently, the third question regarding input tax credit became redundant.

R Reasoning

The authority determined that the activity falls under Schedule II of the CGST Act as a supply of services related to land and building. It then evaluated the claim of 'pure agent' status under Rule 33 of the CGST Rules, 2017.

The authority found that the appellant acts as a pure agent because it procures the parking facility on authorization from employees, does not use the space for its own interest, and recovers only the actual amount paid to the building authority. Therefore, the **value of supply is NIL** under the pure agent valuation mechanism.

P Provisions Relied On

Section 7(1) of the CGST Act, 2017

Schedule II of the CGST Act, 2017

Rule 33 of the CGST Rules, 2017

! For the Practitioner

This ruling provides a favorable precedent for employers who facilitate third-party services for employees on a cost-recovery basis without a profit margin. It confirms that such arrangements can qualify for **NIL valuation** under the pure agent provisions, provided strict adherence to Rule 33 conditions is maintained. Practitioners should note that this decision hinges entirely on the factual demonstration of the 'pure agent' criteria.

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 -> up_aaar_11_2019-20_16.03.2020_itipl.pdf

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Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com