

M/s. Caltech Polymers Pvt. Ltd.

Authority for Advance Ruling — Keralam

ORDER No.CT/531/18-C3

Dated 26.03.2018

Q Questions Before the Authority

- Whether recovery of food expenses from employees for the canteen provided by company comes under the definition of outward supplies and are taxable under GST Act.

F Facts

The applicant is a footwear manufacturer that provides canteen facilities to its employees as required by the Factories Act, 1948. The company recovers the actual cost of food from employees through salary deductions without any profit margin. The applicant contends that this activity is not a business activity and therefore does not constitute a supply under the GST Act.

H Ruling

Taxability of canteen food expense recovery

Taxable as an outward supply

The recovery of costs from employees is considered consideration for the supply of services

The Authority ruled that the recovery of food expenses from employees for canteen services constitutes an outward supply under the GST Act. Consequently, the activity is taxable as a supply of service under GST.

R Reasoning

The Authority determined that the supply of food to employees is a transaction incidental or ancillary to the main business, falling under the definition of business in Section 2(17). It further held that the recovery of costs from employees constitutes consideration as defined in Section 2(31). Therefore, the activity qualifies as a supply under Section 7(1)(a) and is taxable as a **supply of service** under Schedule II of the GST Act.

P Provisions Relied On

Section 2(17) of the GST Act

Section 2(31) of the GST Act

Section 2(83) of the GST Act

Section 7(1)(a) of the GST Act

Schedule II of the GST Act

Factories Act, 1948

! For the Practitioner

This ruling establishes that even non-profit recovery of canteen expenses from employees is **taxable as an outward supply** under GST. It clarifies that such canteen services are considered incidental to business and that cost recovery constitutes consideration. Practitioners should note that this ruling removes the exemption previously available under the service tax regime.

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 -> [kerala-ct_531-18-c3-cppl.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