

M/s. KSB Limited

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 48/2021-22/B- 627 Mumbai, dt. 28/11/2025

Dated **28.11.2025**

Q Questions Before the Authority

- Whether GST would be applicable on canteen facility provided by M/s. KSB Limited to its employees using a third-party canteen services provider?
- In case GST is applicable on Canteen services provided by KSB to its employees, whether GST would be applicable if KSB Limited does not recover any amount from employee for providing canteen facility?
- In case GST is applicable on Canteen services provided by KSB to its employees, whether GST would be applicable if KSB Limited recovers from employee's part or whole of the cost charged by the canteen service provider to KSB?

F Facts

The applicant is a manufacturer of liquid handling pumps and is mandated by the Factories Act, 1948 to provide canteen facilities to its employees. The applicant engages third-party vendors to manage these canteens and pays the vendor for the services provided. The applicant sought a ruling on the taxability of these canteen services when provided to employees, specifically regarding scenarios where costs are either fully borne by the company or partially/fully recovered from employees.

H Ruling

Applicability of GST on canteen facility	The supply of canteen services by the applicant to its employees amounts to supply of services under the MGST Act, 2017. GST would be payable on the said services.	Subject to the conditions regarding recovery of costs.
GST applicability if no amount is recovered	GST is not applicable, if no amount is recovered from the employees for the canteen services.	The cost of said service would be considered as a perquisite.
GST applicability if amount is recovered	Yes, GST would be applicable on the amount recovered from the employees for the canteen services.	The portion of the cost not recovered would be considered as a perquisite.

The authority ruled that the supply of canteen services by the applicant to its employees is a taxable supply of services. If no amount is recovered from employees, the service is considered a perquisite and is not subject to GST. If the applicant recovers any amount from employees, GST is applicable on the amount recovered, while the non-recovered portion is treated as a perquisite.

R Reasoning

The authority determined that the provision of canteen services is in the course or furtherance of business as it is incidental or ancillary to the applicant's principal manufacturing activity. Relying on CBIC Circular No. 172/04/2022-GST, the authority concluded that perquisites provided by an employer to employees in terms of a contractual agreement are not subject to GST. Consequently, where the employer recovers costs, the recovery is treated as consideration for the supply of services, making it taxable. Where no recovery is made, the service is treated as a non-taxable perquisite.

P Provisions Relied On

Section 2(17) of the CGST Act, 2017

Section 7(1) of the CGST Act, 2017

Section 98 of the Central Goods and Services Tax Act, 2017

Schedule I of the CGST Act, 2017

Schedule III of the CGST Act, 2017

CBIC Circular No. 172/04/2022-GST dated 06.07.2022

! For the Practitioner

This ruling clarifies that for employers providing canteen facilities, the taxability hinges on whether costs are recovered from employees. It confirms that **non-recovered costs** are treated as non-taxable perquisites, while **recovered amounts** are subject to GST. Practitioners should note that this ruling aligns with the view that such canteen arrangements constitute a supply of services by the employer to the employee.

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 -> [gst ara order in case of ksb limited order 1 11zon-compressed.pdf](#)

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