

M/s 63 Ideas Infolabs Private Limited

Authority for Advance Ruling — Gujarat

GUJ/GAAR/R/2025/57

Dated **24.11.2025**

Q Questions Before the Authority

- Whether the receipt of consideration in the form of non-voting, irredeemable preference shares would fulfil the requirement of "receipt of consideration" as referred in Section 2(6)(iv) of the IGST Act, 2017 and therefore there will be no liability to pay GST on the supply of the said services (customization and licensing of the proprietary platform) by the Applicant to the overseas client.

F Facts

The applicant is engaged in the wholesale business of agricultural produce and has developed a supply chain management platform. They propose to customize this platform for an overseas client and grant a perpetual license in exchange for non-voting, irredeemable preference shares of the foreign entity. The applicant sought a ruling on whether this mode of payment qualifies as receipt of consideration under the IGST Act, thereby exempting the service from GST.

H Ruling

Whether receipt of preference shares constitutes receipt of consideration under Section 2(6)(iv) of the IGST Act

Not answered

The Authority held that the question is outside the scope of Section 97(2) of the CGST Act.

The Authority for Advance Ruling declined to answer the question. They determined that the primary issue of whether the receipt of preference shares constitutes convertible foreign exchange falls outside the scope of matters on which an advance ruling can be sought under Section 97(2) of the CGST Act. Consequently, the corollary question regarding GST liability was also left unanswered.

R Reasoning

The Authority examined the scope of Section 97(2) of the CGST Act, which lists the specific matters on which an advance ruling can be sought. They concluded that the question of whether a specific form of payment (preference shares) satisfies the definition of 'convertible foreign exchange' under Section 2(6)(iv) of the IGST Act does not fall within the permissible categories. Because the main question was deemed outside their jurisdiction, they could not proceed to determine the ancillary issue of GST liability.

P Provisions Relied On

Section 97(2) of the CGST Act, 2017

Section 2(6)(iv) of the IGST Act, 2017



For the Practitioner

This ruling serves as a **procedural dismissal** rather than a substantive decision on the taxability of non-monetary consideration. It highlights that the AAR will not entertain questions that require interpreting foreign exchange regulations or definitions of 'consideration' if they do not strictly align with the **statutory categories** listed in Section 97(2). Practitioners should note that this order does not provide a precedent for using preference shares as valid export proceeds for GST purposes.

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 -> 57_63_ideas_infolabs_private_limited_removed.pdf

Prepared 14-10-2026.

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