

M/s. AGS HEALTH PRIVATE LIMITED

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 18/ARA/2026

Dated **04.03.2026**

Q Questions Before the Authority

- In the facts and circumstances of the case, whether tax paid on Input services in respect of leasing/renting/hiring of motor vehicles to provide transportation facility to ensure safety and security of women employees as per Tamil Nadu Shops and Establishments Act, 1947 is eligible to be availed as input tax credit (ITC)?
- If eligible, can entire ITC be availed by the applicant for providing the transport facility in all shifts considering the safety of women as mandated under the Tamil Nadu Shops and Establishments Act, 1947?
- If eligible, can ITC be availed for services received from the date of introduction of proviso to Section 17(5)(b)(iii) of CGST Act 2017?

F Facts

The applicant is an ITES company operating in multiple shifts to serve international clients. Under the Tamil Nadu Shops and Establishments Act, 1947, they are mandated to provide transportation for women employees working in shifts to ensure their safety. The applicant seeks to claim Input Tax Credit (ITC) on the GST paid for leasing motor vehicles used for this purpose.

H Ruling

Eligibility of ITC on vehicle leasing for women's safety	Yes, eligible	Subject to satisfying conditions under Section 16 of the CGST Act, 2017
Scope of ITC for all shifts	Only for women employees arriving or leaving between 8:00 PM and 6:00 AM	Limited to the mandate under the Tamil Nadu Shops and Establishments Act
Applicability from date of introduction	Available from 28.05.2019	Subject to Section 16(4) time limits

The Authority ruled that the applicant is eligible to claim ITC on the GST paid for leasing motor vehicles used to transport women employees, provided the conditions under Section 16 of the CGST Act are met. However, this eligibility is restricted to transportation services for women employees arriving or leaving the workplace between 8:00 PM and 6:00 AM. The ITC is available from 28.05.2019, subject to the statutory time limits for claiming credit.

R Reasoning

The Authority relied on the proviso to Section 17(5)(b) of the CGST Act, 2017, which allows ITC where it is obligatory for an employer to provide services under any law for the time being in force. It referenced Circular No.

172/04/2022-GST to clarify that the proviso applies to the entire clause (b) of Section 17(5). The ruling emphasizes that the mandate under the Tamil Nadu Shops and Establishments Act, 1947, specifically pertains to the safety of women employees during night hours. Consequently, the credit is restricted to the specific hours where the statutory obligation exists.

P Provisions Relied On

Section 16 of the CGST Act, 2017

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

Circular No. 172/04/2022-GST

Tamil Nadu Shops and Establishments Act, 1947

! For the Practitioner

This ruling confirms that employers can claim ITC on employee transportation costs if such transport is a **statutory mandate** under state law. Practitioners should note that the credit is **strictly limited** to the specific hours or conditions mandated by the relevant state legislation. It does not grant a blanket right to claim ITC for all employee transportation.

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 -> 3-ags health care aar order.pdf

Prepared 12-10-2026.

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