M/s ANKIT TANDON AND ENTERPRISES & TOLLWAYS PRIVATE LIMITED

Authority for Advance Ruling — Madhya Pradesh

Order No. 09/2018 (No. 11/2018/A.A.R/R-28/36) Dated **09.08.2018**

Q Questions Before the Authority

- Whether the same exemption will apply to services provided by the Applicant, i.e. Service by the way of access to a road or a bridge on payment of access to a road or a bridge on payment of toll charges on subcontract basis.

F Facts

NHAI allotted toll collection work for a road segment to Highway Infrastructure (P) Limited, the main contractor. The main contractor proposed to subcontract the toll collection work to the Applicant on the same terms. Under the proposed agreement, the Applicant would collect toll charges from road users and remit a fixed amount to the main contractor, absorbing any deficit or retaining surplus as profit or loss.

H Ruling

Exemption on toll charges collected on sub-contract basis	**NIL (Exempt under Sr. No. 23 of Notification No. 12/2017-Central Tax (Rate))**	Applies strictly to toll charges collected from road users; does not cover inter-party consideration or sub-contract fees.

The AAR held that the exemption for access to a road or bridge on payment of toll charges is **activity-based** with no restriction on the supplier or recipient of the service. Therefore, **no GST is payable on toll charges collected** from users by the sub-contractor. However, the ruling explicitly noted that it does not decide the taxability of any consideration retained by or received by the sub-contractor from the main contractor.

R Reasoning

The authority analyzed the exemption under Sr. No. 23 of Notification No. 12/2017-Central Tax (Rate) under Heading 9967 and noted that it is granted to the activity of providing access to a road or bridge on payment of toll charges. Unlike exemptions that depend on specific recipient categories, this entry places no restriction on whether the supplier is a primary contractor or a sub-contractor. While toll collected from users in a fiduciary capacity is exempt, the ruling emphasized that any separate supply or consideration between the main contractor and sub-contractor remains outside the scope of this exemption.

P Provisions Relied On

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

Sr. No. 23 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017

Heading 9967

Section 97 of CGST Act, 2017

Section 103(2) of CGST Act, 2017

National Highways Authority of India Act, 1988

! For the Practitioner

This ruling settles that **toll collection exemption is activity-based** and extends to sub-contractors collecting toll from road users. However, it does not offer protection or tax relief regarding the underlying contract fee or revenue-share consideration retained by the sub-contractor from the main contractor.

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 -> mp_aar_09-2018_09.08.2018_ankit_tandon.pdf

Prepared 22-10-2026.

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