

M/s. Frutta Services Private Limited

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 60/ARA/2025

Dated **16.12.2025**

Q Questions Before the Authority

- Whether the assessor can claim input tax credit (ITC) and charge the client according to the category of supply of goods?

F Facts

The applicant acts as an aggregator or facilitator for the supply of food and beverages to corporate clients. They do not manufacture or prepare the food themselves but procure it from third-party kitchens and arrange for its delivery to the client's location. The applicant manages the logistics and ensures quality standards, while the actual serving of food in the canteen is managed by the client.

H Ruling

Claiming ITC and charging client based on supply of goods

No, the applicant cannot charge GST according to the category of inward supply of goods; they must charge 18% GST on the supply of services.

The applicant is eligible to avail ITC on the inward supply of goods and services.

The Authority ruled that the applicant cannot charge GST based on the category of inward supply of goods, as their activity constitutes a composite supply of services. Consequently, the applicant is liable to pay GST at the rate of 18% on the supply of services. However, the applicant is eligible to avail Input Tax Credit on the inward supply of goods and services.

R Reasoning

The Authority determined that the applicant's activities, which include logistics, quality assurance, and coordination, constitute a **composite supply of services** rather than a mere supply of goods. This classification falls under SAC 996337, specifically 'Other contract food services'. Because the applicant is providing an outward composite supply of food and service in the same line of business, they satisfy the conditions of the proviso to **Section 17(5)(b)(i)** of the CGST Act, 2017, making them eligible for ITC. The tax rate is determined by the residual entry at Sl. No. 7(vi) of Notification No. 11/2017-Central Tax (Rate) as amended.

P Provisions Relied On

Section 97(2) of the CGST Act, 2017

Section 16(1) to 16(4) of the CGST Act, 2017

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

Schedule II to the CGST Act, 2017

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 20/2019-Central Tax (Rate) dated 30.09.2019

! For the Practitioner

This ruling clarifies that food aggregators who manage logistics and quality for corporate clients are providing a **composite supply of services** taxable at 18%, rather than trading in goods. It provides a favorable precedent for such entities to claim ITC on their inward supplies by invoking the exception under Section 17(5)(b)(i). Practitioners should note that this applies specifically to entities operating under similar contractual arrangements for ongoing food supply services.

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 -> 2-frutta_services_limited_aar_order-1.pdf

Prepared 13-10-2026.

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