M/s ION Trading India Private limited, Building No. 2, Infospace, 4-6th Floor, Block-B, Plot-2, Sector-62, Noida, Uttar Pradesh

Authority for Advance Ruling — Uttar Pradesh

Order No. 42, dated 27.09.2019 (Authority for Advance Ruling, Uttar Prad… Dated **27.09.2019**

Q Questions Before the Authority

- Whether the amount recovered from employees towards car parking charges payable to Shantiniketan Properties Private Limited (building authorities) would be deemed a supply of service by the applicant to its employees.
- If the first question is answered in the affirmative, whether the value of that supply would be NIL, being provided in the capacity of a pure agent, and, if not NIL, what the value of such supply would be.
- If GST is payable on the amount recovered from employees, whether the GST paid by the applicant to the building authorities on car parking charges would be admissible as input tax credit against the supply of car parking services to employees.

F Facts

The applicant is a wholly owned subsidiary of ION Trading UK Limited engaged in software development, which it exports to the overseas parent. Free parking slots provided by the building authority were insufficient, so the applicant took additional slots on payment of extra lease charges and recovered roughly Rs. 1,500 per month for car parking and Rs. 500 for two-wheelers from the employees using them. Penalties or additional charges imposed by the building authority were paid by employees directly to it.

H Ruling

The Authority admitted the application under Section 97(2)(e) as a matter concerning liability to tax, but **gave no ruling on any of the three questions** . It held that, in the absence of the requisite documents, no ruling could be given. The documents found missing were the initial rent agreement, the trail of financial transactions said to support pure agent status, a reconciliation of the handbook amounts with the amounts actually recovered, and an explanation of how free slots were allocated to employees. The jurisdictional officer had opined that the activity is taxable.

R Reasoning

The Authority began by treating the question as one of liability to tax under Section 97(2)(e), and then set out the definition of 'supply' in Section 7(1)(a), which requires supply made 'in the course or furtherance of business'. It also quoted the definition of 'service' in Section 2(102) and the inclusive definition of 'business' in Section 2(17), including clause (b) on activities incidental or ancillary to business. It then examined the rent agreement, the employee handbook, and the 28 August 2018 letter from the building authority. It found the handbook figures did

not tally with the amounts actually recovered, and that the pure agent evidence had not been produced. On that basis it declined to decide the supply, valuation and input tax credit questions.

P Provisions Relied On

Section 97(2)(e) of the CGST Act, 2017 (determination of liability to pay tax on goods or services)

Section 7(1)(a) of the CGST Act, 2017 (meaning of supply, in the course or furtherance of business)

Section 7(1)(b) to (d) of the CGST Act, 2017 (referred to in the order)

Section 2(102) of the CGST Act, 2017 (definition of service)

Section 2(17) of the CGST Act, 2017 (definition of business, including clauses (a) to (i) as quoted)

! For the Practitioner

This order is useful mainly for its procedural lesson: the Authority will decline to rule where the factual record is incomplete, even after the application has been admitted. A practitioner seeking a ruling on pass-through parking recoveries should first assemble the head lease or rent agreement, the building authority's invoices, a ledger reconciling employee recoveries to the amounts paid, and documents showing the free-slot allocation. The order does not decide whether employee parking recoveries are a supply, whether pure agent treatment applies, or whether input tax credit is available. It also does not give any substantive view on the Maharashtra AAR ruling the applicant relied on.

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 -> up_aar_42_27.09.2019_itipl.pdf

Prepared 11-11-2026.

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