M/s SPFL Securities Ltd., 15/63-M, SPFL House, Civil Lines, Kanpur (GSTIN 09AABCS2452C1ZP)

Authority for Advance Ruling — Uttar Pradesh

Order No. 18, dated 14.12.2018 (Authority for Advance Ruling, Uttar Prad… Dated **14.12.2018**

Q Questions Before the Authority

- Whether delayed payment charges, recovered by the applicant from its client on reimbursement of the amount paid to stock exchanges for securities purchased on T+1 settlement, which the client failed to pay and which the stock exchange deducted from the applicant's account, are taxable under GST, where the purchase consideration of the securities is neither goods nor services under GST.

F Facts

The applicant is a SEBI-registered stock broker on the BSE and NSE that buys and sells shares on behalf of clients. Where a client fails to pay for securities purchased under the T+1 settlement cycle, the applicant's account is debited by the stock exchange for the purchase consideration. The applicant then recovers that amount from the client, together with delayed payment charges for the overdue period.

H Ruling

Taxability of delayed payment charges, overdue from client on T+1 trade settlement, reimbursed to applicant	****Liable to GST****	Charges are value of supply under Section 15(2)(d) of the CGST Act and the UPGST Act, as interest, late fee or penalty for delayed payment of consideration for a supply. The charges are linked to the applicant's trading-of-securities service.

The Authority held that the applicant is **liable to pay GST on the delayed payment charges** that are overdue from the client towards trading of securities and reimbursed to the applicant. The charges are treated as linked to the applicant's taxable service of trading securities on behalf of customers, on which GST is already paid. The ruling does not treat the underlying securities consideration as a taxable supply.

R Reasoning

The Authority first noted that the question concerned GST on delayed payment charges recovered on securities trades that are themselves neither goods nor services. It then reasoned that the applicant already pays GST on its supply of trading services on behalf of customers, and that delayed payment charges are linked to those services. It relied on Section 15(2)(d) of the CGST Act, 2017 and the corresponding UPGST Act, 2017 provision, which includes interest, late fee or penalty for delayed payment of any consideration for a supply in the value of supply. Both members ruled unanimously on that basis.

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

P Provisions Relied On

Section 98 of the CGST Act, 2017 and UPGST Act, 2017 (advance ruling)

Section 15(2)(d) of the CGST Act, 2017

Section 15(2)(d) of the UPGST Act, 2017

Value of supply inclusion provision (clauses (a) to (e) as quoted in the order, including clause (d) on interest, late fee or penalt…

! For the Practitioner

A stock broker that recovers delayed payment charges from clients on overdue T+1 settlement amounts should treat those charges as part of the taxable value of its trading-of-securities service and pay GST on them. The ruling is a single-party order with no statutory rate or HSN. It does not decide whether the underlying securities consideration is excluded from value, nor whether the position differs for charges not linked to a taxable service. It is binding only on the applicant under Section 103 of the Act.

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_18_14.12.2018_spfl_sl.pdf

Prepared 27-10-2026.

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