

M/s. Zydus Hospira Oncology Private Limited

Authority for Advance Ruling — Gujarat

ADVANCE RULING NO. GUJ/GAAR/R/2025/49

Dated 19.11.2025

Q Questions Before the Authority

- Whether subsidized deduction made by the applicant from the employees and workers towards canteen facility provided by the canteen service provider at the canteen facility would be considered as a 'supply' by the applicant under the provisions of Section 7 of the CGST Act, 2017 and GGST Act, 2017.
- In case answer to above is yes, Whether GST is payable on the amount recovered as deduction from the salaries of employees to worker contractors or an open market value?

F Facts

The applicant is a pharmaceutical company that provides canteen facilities to its employees and contractual workers through a third-party canteen service provider. The applicant recovers a portion of the meal costs from the employees' salaries and from the payments made to the contractors for the contractual workers. The applicant treats the balance amount as a staff welfare expense.

H Ruling

Whether subsidized deduction from employees is a supply	No	Not considered a supply under Section 7 of the CGST Act
Whether subsidized deduction from contractual workers is a supply	Yes	Considered a supply under Section 7 of the CGST Act
Whether GST is payable on the amount recovered from contractual workers	Yes	GST is payable on the amount recovered as deduction from the payment to the worker's contractor

The authority held that the subsidized deduction from employees does not constitute a 'supply' under the CGST Act. However, the recovery of amounts from contractual workers for canteen services is considered a 'supply' and is liable to GST.

R Reasoning

The authority relied on the **employer-employee relationship** to exclude the deduction from employees from the scope of supply, citing Schedule III of the CGST Act and CBIC Circular No. 172/04/2022-GST. Regarding contractual workers, the authority determined that no such relationship exists, as the applicant has no control or supervision over them. Consequently, the recovery of canteen charges from contractual workers is treated as a **taxable supply** of service, incidental to the applicant's business, under Section 7 of the CGST Act.

P Provisions Relied On

Section 7 of the CGST Act, 2017

Section 2(17) of the CGST Act, 2017

Section 2(31) of the CGST Act, 2017

Section 2(83) of the CGST Act, 2017

Section 46 of the Factories Act, 1948

Schedule III of the CGST Act, 2017

CBIC Circular No. 172/04/2022-GST dated 06.07.2022

! For the Practitioner

This ruling clarifies that while canteen deductions from direct employees are exempt from GST as perquisites, similar deductions from **contractual workers** are taxable. Practitioners should note that the authority strictly interprets the **employer-employee relationship** based on the terms of the contract with the service provider. It confirms that the applicant's lack of administrative control over contractual workers makes the canteen facility a taxable supply in that specific context.

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 -> 49_zydus_hospira_oncology_pvtltd_compressed.pdf

Prepared 14-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com