

Premier Vigilance & Security Pvt Ltd

Authority for Advance Ruling — West Bengal

20/WBAAR/2018-19 dated 02/11/2018

Q Questions Before the Authority

- Whether GST is chargeable on Toll Taxes reimbursed by clients or if it can be claimed as a deduction under Rule 33 from the value of supply as expenditure incurred as a pure agent.

F Facts

The applicant provides security and cash transportation services to banks using customized cash vans. During these operations, the applicant pays toll charges to NHAI and state authorities, which are subsequently reimbursed by the client banks. The applicant sought a ruling on whether these reimbursed toll charges qualify for exclusion from the value of supply under Rule 33 of the GST Rules.

H Ruling

Reimbursement of toll charges

Not excludable

Must be included in the value of supply for GST purposes

The authority ruled that toll charges paid by the applicant are not to be excluded from the value of supply. It concluded that the applicant is not acting as a pure agent of the bank when paying these charges, as the applicant is the owner of the vehicles and the primary beneficiary of the road access service.

R Reasoning

The authority determined that the applicant fails to meet the criteria for a pure agent under Rule 33 because the banks do not specifically authorize the applicant as a pure agent, nor do they acknowledge the toll as their own liability. The toll is a cost incurred by the applicant to provide its own security services, making it a component of the total value of supply. Consequently, the reimbursement is not a disbursement but a recovery of a portion of the service cost. The ruling relies on the definition of a pure agent and the conditions stipulated in Rule 33 of the GST Rules.

P Provisions Relied On

Section 97(2)(e) of the CGST/WBGST Act

Section 97(2)(g) of the CGST/WBGST Act

Rule 33 of the GST Rules

Section 103(2) of the GST Act

Section 104(1) of the GST Act



For the Practitioner

This ruling clarifies that service providers who own the vehicles used for transportation cannot treat reimbursed toll charges as **pure agent disbursements**. It settles that such costs are **integral to the value of supply** and subject to GST. Practitioners should note that this decision emphasizes the necessity of explicit contractual authorization and liability acknowledgment to qualify for Rule 33 exclusions.

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 -> [wbaar-20-2018-19_02.11.18-pvspl.pdf](#)

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