

Shri Navodit Agarwal

Authority for Advance Ruling — Chhattisgarh

No. STC/AAR/10/2018, dated 26/03/2019

Q Questions Before the Authority

- Do we need to charge GST on Freight amount excluding diesel cost or on total amount which is inclusive of diesel cost?

F Facts

The applicant is a transporter engaged by M/s Shree Raipur Cement to transport cement and clinkers. Under their agreement, the cement company provides the diesel required for the transportation vehicles. The applicant sought a ruling on whether the cost of this diesel, provided by the recipient, should be included in the taxable value of the freight service for GST purposes.

H Ruling

Inclusion of diesel cost in taxable value

Included

The total freight amount inclusive of diesel cost is subject to GST.

The Authority ruled that the applicant must charge GST on the total freight amount, which includes the cost of the diesel provided by the service recipient. The value of the diesel must be added to the freight charges to determine the taxable value of the supply.

R Reasoning

The Authority relied on Section 15(2)(b) of the CGST Act, 2017, which mandates that any amount the supplier is liable to pay but which has been incurred by the recipient and not included in the price is includible in the value. It concluded that the diesel provided by the recipient forms an integral component of the transportation service. Therefore, the cost of such diesel must be added to the taxable value of the services provided. The ruling also referenced the definition of supply under Section 7(1) and consideration under Section 2(31).

P Provisions Relied On

Section 2(31) of the CGST Act, 2017

Section 7(1) of the CGST Act, 2017

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

Section 97 of the CGST Act, 2017

Section 98 of the CGST Act, 2017



For the Practitioner

This ruling clarifies that **input goods provided by a service recipient** must be included in the taxable value of the service if they are essential to the service delivery. Practitioners should advise clients that they cannot exclude the value of recipient-provided fuel from their taxable freight turnover. It settles the valuation treatment for **third-party provided inputs** in transportation contracts.

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 -> [chhtgrh-10 2018-mr.navodit agarwal.pdf](#)

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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