

AUTHORITY FOR ADVANCE RULING

GOODS AND SERVICES TAX

UTTAR PRADESH

4, Vibhuti Khand, Gomti Nagar, Lucknow

AUTHORITY FOR ADVANCE RULING NO. UP ADRG 43/2024, DATED 20th February, 2024

PRESENT:

1.	Shri Amit Kumar
	Joint Commissioner, Central Goods and Service Tax
	Audit Commissionerate, LucknowMember (Central Tax)
2.	Shri Harilal Prajapati
	Joint Commissioner, State Goods and Service TaxMember (State Tax)

1.	Name and address of the Applicant	M/s Payline Technology Private Ltd.
2.	GSTIN or User ID	09AANCP5021C1ZL
3.	Date of filing of Form GST ARA-01	08.09.2023 (Received on 28.11.2023)
4.	Represented by	Shri Manoj Kumar Goyal, CA
5.	Jurisdictional Authority-Centre	Range-15 , Division-III Noida, Noida Commissionerate
6.	Jurisdictional Authority-State	Noida Sector-10 , Range - Gautambudha Nagar (B), Zone- Gautambudha Nagar, State -Uttar Pradesh
7.	Whether the payment of fees discharged and if yes, the amount CIN	CIN No. ICIC23090900027446 Dated 05.09.2023

ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 &

UNDER SECTION 98(4) OF THE UPGST ACT, 2017

1. M/s Payline Technology Private Limited , Basement , H-133, Sector 63 , Noida , Gautam Buddha Nagar, Uttar Pradesh -201301 (here in after referred to as the applicant) is a registered assessee under GST having GSTN No. 09AANCP5021C1ZL

2. The applicant has submitted an application for Advance Ruling dated 04.08.2023 enclosing dully filled Form ARA-08 (the application form for Advance Ruling) along with written statement in the form of attachment.

3. The applicant is in the business of selling and purchasing Gift cards, vouchers, and pre-paid Vouchers (closed or semi-closed-ended vouchers against which goods or services can be purchased from specific brands on e-commerce platforms such as Amazon, Flipkart, etc.). These vouchers are purchased by the Applicant against advance payments. These vouchers are purchased at a discounted price from the vendors. Later on, these vouchers are supplied to clients as per the order placed. Once these vouchers are purchased by the Applicant from the original Issuers, the Applicant becomes the absolute owner of these vouchers, and both risk and reward lie with the Applicant.

For example:-The applicant purchases the vouchers amounting to Rs. 100 at a discounted price as they purchase the vouchers by making an advance payment and in bulk at Rs. 95 per voucher. Further, these vouchers are sold to clients for Rs. 96 each. Thus, the profit of Rs. 1 per voucher remains with the Applicant. These vouchers are redeemable at any time by the customer or client. A customer or client can purchase any product or service offered by the concerned brand, and applicable taxes are paid by the customer on the availed product or services at the time of redemption. He will redeem himself for the Rs. 100 value.

4. The applicants interpretation of law is as under :

Relevant Extracts of law:

Time of Supply of goods. Section 12 of the CGST Act, 2017:

12. (1) The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section.

(2) -----

(3) -----

(4) In case of supply of vouchers by a supplier, the time of supply shall be-

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases.

Time of Supply of services. Section 13 of the CGST Act, 2017:

13. (1) The liability to pay tax on services shall arise at the time of supply, as determined in accordance with the provisions of this section.

(2) -----

(3) -----

(4) In case of supply of vouchers by a supplier, the time of supply shall be,-

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases.

Sec.2 (75) of CGST Act,2017 - 'money' means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveler's cheque, money order, postal or electronic remittance or any other instrument recognized by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value;

Sec.2 (118) of CGST Act, 2017 - 'voucher' means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument;

Sec.2(52) of CGST Act, 2017- "goods" means every kind of movable property other than money and securities but includes actionable claims, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;

Section 7 of CGST Act,2017- Scope of supply

Sec. 7. (1) For the purposes of this Act, the expression "supply," includes-

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Explanation.- For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;

(b) import of services for a consideration whether or not in the course or furtherance of business and;

(c) the activities specified in Schedule I, made or agreed to be made without a consideration

(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

(2) Notwithstanding anything contained in sub-section (1),-

(a) activities or transactions specified in Schedule III; or

(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,

shall be treated neither as a supply of goods nor a supply of services.

(3) Subject to the provisions of sub-sections (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as-

(a) a supply of goods and not as a supply of services; or

(b) a supply of services and not as a supply of goods.

The relevant entry in Schedule III to the Act is as under

Activities or transactions which shall be treated neither as a supply of goods nor a supply of services

1. Services by an employee to the employer in the course of or in relation to his employment.

2

6 . Actionable claims, other than lottery, betting and gambling

7

Actionable Claims -Section 2(1) of the CGST Act, 2017-

(1) "actionable claim" shall have the same meaning as assigned to it in section 3 of the Transfer of Property Act, 1882.

Section 3 of the Transfer of Property Act, 1882 states as:

"Actionable Claim" means a claim to any debt, other than a debt secured by mortgage of immovable property or by hypothecation or pledge of movable property, or to any beneficial interest in movable Property not in the possession, either actual or constructive, of the claimant, which the Civil Courts recognize as affording grounds for relief whether such debt or beneficial interest be existent, accruing, conditional or contingent".

5. Thus, from the above definitions, we can conclude that voucher is only a mean for advance payment of consideration for future supply of goods or services. It does not contain any element of supply in itself Voucher, being an instrument used as consideration to settle on application, is a type of money, as long as such instrument is recognized by the Reserve Bank of India. Even if such voucher is not recognized by Reserve Bank of India, it would still form a mean of payment of consideration, though it does not constitute money under the above definition Voucher under GST law has also been recognized as an instrument of consideration (non- monetary form) for future supply.

6. The Applicant is of the opinion that the vouchers purchased and further sold by it are nothing but a mean of making advance payments for future purchases of goods or services. Neither supply of goods nor supply of services emanate at the time of transfer of vouchers from one hand to another, it is also to be noted that GST on full value of the voucher is payable at the time of redemption of such vouchers by way of making supply of goods/ services against payment through these vouchers.

7. Further, Section 12 & 13 of the CGST Act, 2017 categorically provides for the Time of Supply in case of goods as well as Services respectively. As per the sections, Time of w Supply in case of supply of vouchers will be considered as the date on which redemption of vouchers takes place (in case the supply is not identifiable at the time of issuance of voucher.). In the instant case, supply is never identifiable at the time of purchase or sale of vouchers by the Applicant. Rather, the supply is identified only at the time of final redemption of the vouchers. Hence, the tax liability cannot arise at the time of sale of vouchers by the Applicant.

8. Following are the relevant judgments along with relevant extracts where it has been stated that vouchers are considered as instruments and as a result, vouchers are neither goods nor services and therefore cannot be taxed,-

1. M/s Premier Sales Promotion Pvt Limited Versus The Union Of India Bearing Writ Petition No. 5569 OF 2022 (T-RES) dated 16.01.2023- Karnataka High Court

"22. In substance the transaction between the assessee and his clients is procurement of printed forms and their delivery. The printed forms are like currency. The value printed on the form can be transacted only at the time of redemption of the voucher and not at the time of delivery of vouchers to assessee's client. Therefore, the issuance of vouchers is similar to pre-deposit and not supply of goods or services. Hence, vouchers are neither goods nor services and therefore cannot be taxed. "

2. M/s Sodexo SVC India Private Limited Versus State Of Maharashtra & Others bearing No.- Civil Appeal Nos. 4385-4386 of 2015 dated 09.12.2015-Supreme Court

"15) We have already taken note of the nature of the transaction. After going through the relevant provisions and the principle laid down in various judgments explaining the features of 'services' and 'goods', we are of the opinion that the Sodexo Meal Vouchers cannot be treated as 'goods' for the purpose of levy of Octroi or LBT. There are at least three fundamental and principal reasons for coming to this conclusion, which we would like to discuss in detail hereinafter. "

3. M/s. Kalyan Jewellers India Limited bearing No.- TN/AAAR/11/2021 (AR), A.R. Appeal No. 01/2020/AAAR dated 30.03.2021- Appellate Authority For Advance Ruling, Tamil Nadu

"7.9 To conclude, when a voucher is issued, though it is just a means of advance payment of consideration for a future supply, subsection (4) of section 12 and 13 determine the time of supply of the of the underlying good(s) or service(s). Voucher per se is neither a goods not a service. It is a means for payment of consideration."

In the given background, Applicant believed that the vouchers are neither a good nor a service therefore, no GST should be levied upon.

9. As per declaration given by the applicant in Form ARA-01, the issue raised by the applicant is neither pending nor decided in any proceedings under any of the provisions of the Act, against the applicant.

10. The application for advance ruling was forwarded to Assistant Commissioner, Central Tax & Central Excise, Division- III, Noida , Plot No. C-232A/2- 232A/3, Sector -48 , Noida 201301 vide letter dated 13,12,2023 to offer their comments/views/verification report on the matter. No views/comments have been offered from the concerned office.

The Additional Commissioner, SGST, Gautambudha Nagar Zone vide letter 12.01.2024 has forwarded the Comments submitted by the Deputy Commissioner, SGST, Sector-10, Noida regarding AAR application of M/s Payline Technology Private Ltd., the Deputy Commissioner, SGST, Sector-10, Noida has reported that the vouchers in the present case are taxable as per residual entry no.453 of third schedule of Notification No. 01/2017-Central Tax (Rate) dated

28.06.2017 (and similar notification under the UPGST Act) at the rate of 9% CGST and 9% UPGST.

11. The applicant was granted a personal hearing on 30.01.2024 which was attended, online, by Shri Manoj Kumar Goyal, CA, the authorized representative of the applicant during which he reiterated the submissions made in the application of advance ruling.

DISCUSSION AND FINDING

12. At the outset, we would like to make it clear that the provisions of both the CGST Act and the UPGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the UPGST Act. Further for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / UPGST Act would be mentioned as being under the 'CGST Act'.

13. We have gone through the Form GST ARA-01 filed by the applicant and observed that the applicant has ticked following issues on which advance ruling required-

(a) Determination of the liability to pay tax on any goods or services or both.

At the outset, we find that the issue raised in the application is squarely covered under Section 97(2) of the CGST Act 2017. We therefore, admit the application for consideration on merits.

14. We have gone through the submissions made by the applicant and have examined the same. We observe that the applicant has sought advance ruling on the following question-

(1) Whether the vouchers themselves, or the act of supplying them is taxable, and at what stage, for each of the three categories of transactions undertaken by the Applicant is taxable?

(2) If the answer to the above is in the affirmative, what would be the rate of tax and the value of supply at which this would be taxable?

15. On going through the information provided by the Applicant, we find that the Applicant purchases three types of vouchers viz (i) Gift voucher, (ii) vouchers and (iii) pre-paid vouchers. These vouchers are purchased by the Applicant from entities on payment of a consideration and the vouchers are sold to their clients for a consideration. The Applicant is neither the issuing person nor the actual user of these vouchers.

16. The Applicant has contended that these vouchers are advance payment in other words , a form of payment instruments. These are not taxable under the GST.

17. The issue of payment instruments in India is regulated by the Reserve Bank of India (RBI, in short) in terms of the Payment and Settlement Systems Act, 2007 (PSS) and the Guidelines issued there under. As per the Policy Guidelines on Issuance and Operation of Prepaid

Payment Instruments in India issued by the RBI on 1 July 2014. These guidelines lay down the eligibility criteria and the basic conditions for payment system operators involved in the issuance of Pre-paid Payment Instruments in the country. All persons authorized to operate payment systems and involved in the issuance of Pre-paid Payment Instruments in India shall comply with these guidelines. All persons proposing to operate payment systems and involved in the issuance of Pre-paid Payment Instruments shall seek authorization from the Department of Payment and Settlement Systems, Reserve Bank of India, under the Payment and Settlement Systems Act, 2007. Few definitions under these Guidelines are highlighted as under:-

17.1 Issuer: Persons operating the payment systems issuing pre-paid payment instruments to individuals/organizations. The money so collected is used by these persons to make payment to the merchants who are part of the acceptance arrangement directly, or through a settlement arrangement.

17.2 Holder: Individuals/Organizations who acquire pre-paid payment instruments for purchase of goods and services, including financial services.

17.3 Pre-paid Payment Instruments: Pre-paid payment instruments are payment instruments that facilitate purchase of goods and services, including funds transfer, against the value stored on such instruments. The value stored on such instruments represents the value paid for by the holders by cash, by debit to a bank account, or by credit card. The pre-paid instruments can be issued as smart cards, magnetic stripe cards, internet accounts, internet wallets, mobile accounts, mobile wallets, paper vouchers and any such instrument which can be used to access the pre-paid amount (collectively called Prepaid Payment Instruments hereafter). The pre-paid payment instruments that can be issued in the country are classified under three categories viz. (i) Closed system payment instruments (ii) Semi-closed system payment instruments and (iii) Open system payment instruments.

17.4 Closed System Payment Instruments: These are payment instruments issued by a person for facilitating the purchase of goods and services from him/it. These instruments do not permit cash withdrawal or redemption As these instruments do not facilitate payments and settlement for third party services, issue and operation of such instruments are not classified as payment systems.

17.5 Semi-Closed System Payment Instruments: These are payment instruments which can be used for purchase of goods and services, including financial services at a group of clearly identified merchant locations/ establishments which have a specific contract with the issuer to accept the payment instruments. These instruments do not permit cash withdrawal or redemption by the holder.

17.6 Open System Payment Instruments: These are payment instruments which can be used for purchase of goods and services, including financial services like funds transfer at any card

accepting merchant locations (point of sale terminals) and also permit cash withdrawal at ATMs/BCs.

17.7 Limits: All limits¹ in the value of instruments stated in the guidelines, indicate the maximum value of such instruments that can be issued to any holder.

17.8 Merchants: The establishments who accept the PPIs issued by PPI issuer against the sale of goods and services.

Thus, the pre-paid payment instruments (PPI, in short) that can be issued in India are classified under three categories: closed, semi-closed, and open system payment instruments. Closed system PPI's can be issued by any entity for making supply of goods or services, exclusively from the said entity. Such closed ended PPIs cannot be used for cash payments/settlements or withdrawals. Semi-closed PPIs can be issued by Banks and nonbanking entities. Its functioning is similar to that of a closed PPI, as the same can be used for purchase of goods and services and the same cannot be withdrawn. However, unlike a closed PPI, semi-closed PPI can be used for settlements. Therefore, they require prior approval from RBI for issuance. An open system PPI can be issued only by a Bank. They can be used for both cash settlements/payments and withdrawals. Looking at these Guidelines, it is imperative to mention that these are mainly applicable to the issuers of the PPIs, and not to its traders.

18. In the present case, the Applicant is not the issuer of the voucher , but is the third party who buys and sells the vouchers. Before we examine whether these vouchers are in the nature of "goods" or "services" or neither as goods nor as services , let us go through the definitions of these two terms , as defined under CGST/UPGST Act 2017, as under -

Sec.2(52) of CGST Act, 2017- "goods" means every kind of movable property other than money and securities but includes actionable claims, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;

Sec.2(102) of CGST Act, 2017- services" means anything other than goods , money and services but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination , to another form , currency or denomination for which a separate consideration is charged"

In the present case , the Applicant purchases the vouchers by paying a consideration to the issuer . The vouchers are also sold to the clients of the Applicant for a consideration . The vouchers have both a value and an ownership, which is transferred by the issuer of these vouchers to the Applicant, and then to the ultimate beneficiary who redeems the voucher. No element of service is involved between the issuer of vouchers and the Applicant and also between the Applicant and the purchaser. These vouchers are freely transferrable. Therefore, the vouchers qualify to be considered as movable property and the " goods" .

19. Further, the vouchers cannot be treated as "money" . Money is defined as under

Sec.2 (75) of CGST Act,2017 - money ' means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveler's cheque, money order, postal or electronic remittance or any other instrument recognized by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value;

Money has been excluded from the definition of the terms "goods" as well as "services", which is primarily used to settle an obligation or exchange with Indian legal tender of another denomination. However, these vouchers are not used by the Applicant to settle an obligation and hence cannot be considered as "money". The Applicant is merely a trader of these vouchers , which are not used to settle an obligation. These vouchers could be termed as " money" only when it is redeemed by the beneficiary at the time of purchase of goods and /or services. The settlement of the obligation occurs at the time when the ultimate beneficiary uses the voucher to purchase goods and /or services. Therefore, the voucher in the hands of the Applicant cannot be termed as "money".

20. Next point of discussion is whether the vouchers are in the nature of actionable claims. As per the definition provided in section 2(52) of the CGST Act 2017, "goods" includes "actionable claims". As per Sl. No. 6 of Schedule III of the CGST Act, actionable claims other than lottery , betting and gambling as being neither a supply of goods nor a supply of services. Therefore, only lottery , betting and gambling shall be treated as actionable claims which are goods under GST. All other actionable claims shall not be treated as either goods or services.

Section 2(1) of the CGST Act,2017 states that "actionable claim" shall have the same meaning as assigned to it in section 3 of the Transfer of Property Act, 1882.

Further, Section 3 of the Transfer of Property Act, 1882 states as:

"Actionable Claim" means a claim to any debt, other than a debt secured by mortgage of immovable property or by hypothecation or pledge of movable property, or to any beneficial interest in movable Property not in the possession, either actual or constructive, of the claimant, which the Civil Courts recognize as affording grounds for relief whether such debt or beneficial interest be existent, accruing, conditional or contingent".

In case of Vouchers, it has already been observed that Voucher by itself is a movable property , and hence constitutes goods. Since the Voucher is in the possession of the claimant at the time of the claim, hence it cannot be considered as actionable claim.

21. The Applicant has placed reliance upon three judgements (1) Sodexo SVCIndia Pvt. Ltd. vs State of Maharashtra(SC) ;(ii) Kalyan Jewellers India Ltd. (AAAR-TN) ; and (iii) Premier Sales Promotion Pvt. Ltd. vs The Union of India (Karnataka HC).

First two judgements in Sodexo(SC) and Kalayan Jewellers (AAAR) are applicable to the issuer of the vouchers ; hence are not applicable to the present case , since the Applicant is a trader of the vouchers.

In the case of Premier Sales Promotion Pvt. Ltd. , the Hon'ble High Court in Para 10 observed that - " Assessee receives orders for supply of e-vouchers wherein the assessee sources e-vouchers for such clients as per the orders received and acts as an intermediary between the assessee and the supplier of e-vouchers". However, in the present case, as per the facts stated , the Applicant purchases the vouchers , holds in its stock , and sells it to its clients ; and not acting as intermediary. Further, even the intermediaries of securities, e.g share brokers, are liable to pay GST on their service charges. Definition of the term "services" under Section 2(102) of the CGST Act specifically includes activities relating to the use of money or its conversion by cash or by any other mode, from one form , currency or denomination , to another form , currency or denomination for which a separate consideration is charges. In the present case, the Applicant has supplied the vouchers at a profit.

Further, purchase of these vouchers are not merely advance payment because the Applicant supplies these at a profit; and its client is also getting credit of more than what it has paid. In the present case, as per the given illustration, the client has paid Rs. 96/- but it gets the benefit of Rs. 100/-.

Further, in the Sodexo case (supra), the Hon'ble Supreme Court was deciding the taxability of the vouchers, under Municipal Corporation Act, which are printed for a particular customer, and which are used by the said customer for distribution to its employees and these vouchers are not transferrable at all. While deciding that these vouchers are not "goods", the Hon'ble Court in Para 24 of the judgment also observed,

24. We may mention here that the appropriate test would be as to whether such vouchers can be traded and sold separately. The answer is in the negative. Therefore, this test of ascertaining the same to be 'goods' is not satisfied.

In contradiction to the Sodexo case where the vouchers were not freely transferrable; in the present case, since the vouchers are transferrable and are purchased and sold by the Applicant, test of ascertaining the same to be 'goods' is satisfied.

22. After deciding that the vouchers traded by the Applicant are " goods" , we now proceed to examine whether the impugned transaction of trading of vouchers amounts to supply of "goods" or of "services" in terms of Section 7(1) (a) of the CGST Act 2017. Section 7(1) (a) of the CGST Act 2017 reads as under

Sec. 7. (1) For the purposes of this Act, the expression "supply," include s-

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

In the instant case the applicant is involved in trading of vouchers for a consideration in the course of furtherance of business. Though profit motive is not a requisite for the term supply, yet it is a fact that the Applicant is selling these vouchers at a profit. Thus, the impugned transaction amounts to supply of goods in terms of Section 7(1) (a) of the CGST Act 2017.

Further, Schedule II to Section 7 of the CGST Act 2017 stipulates the activities or transactions to be treated as supply of goods or supply of services. Para(a) of Schedule II to Section 7 specifies that any transfer of the title in goods is supply of goods. The transaction of sale of vouchers in the instant case involves transfer of the title , and hence they are covered under " goods".

23. In the light of the above discussions and after holding that the present case involves " supply of goods" , we now proceed to determine the time of supply.

Sub-section (2) , (4) and (5) of Section 12 of the CGST Act , which deal with the time of supply of goods , reads as under

(2) The time of supply of goods shall be the earlier of the following dates, namely:-

(a) the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or

(b) the date on which the supplier receives the payment with respect to the supply:

4) In case of supply of vouchers by a supplier, the time of supply shall be,-

(a) the date of issue of voucher, if the supply is identifiable at that point; or

(b) the date of redemption of voucher, in all other cases.

(5) Where it is not possible to determine the time of supply under the provisions of subsection (2) or sub-section (3) or sub-section (4), the time of supply shall,-

(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or

(b) in any other case, be the date on which the tax is paid.

Even though sub-section(4) of section 12 of the CGST Act 2017 is a specific provision for supply of the vouchers , yet it is not applicable to the present case due to its language ; and is applicable to the issuer of the vouchers and not to its traders. Hence , we are of the considerate view that the time of supply shall be decided as sub-section(2) of Section 12 of the CGST Act 2017.

24. With regard to its valuation of vouchers , Rule 32(6) read with Section 15 of the CGST Act 2017 has been prescribed , which reads as under :

6) The value of a token, or a voucher, or a coupon, or a stamp (other than postage stamp) which is redeemable against a supply of goods or services or both shall be equal to the money value of the goods or services or both redeemable against such token, voucher, coupon, or stamp.

Since the said sub-rule is applicable to the issuer of the vouchers , the value of supply of vouchers in the present case shall be decided as per sub-sections (1) (2) and (3) of section 15 of the CGST Act 2017, which shall be the transaction value , which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

25. So far as rate of tax on supply of vouchers is concerned , we rule that the vouchers in the present case are taxable as per residual entry no. 453 of Third Schedule of Notification No. 01/2017 - Central Tax (rate) dt. 28.06.2017 (and similar notification under UPGST Act) at the rate of 9% CGST and 9% UPGST.

26. In view of the above discussions, we, both the members, unanimously rule as under:

Ruling

Question 1. Whether the vouchers themselves, or the act of supplying them is taxable, and at what stage , for each of the three categories of transactions undertaken by the Applicant is taxable?

Answer : Supply of Vouchers by the applicant are taxable as supply of goods and the time of supply shall be decided as per Section 12(2) of the CGST Act 2017.

Question 2. If the answer to the above is in the affirmative, what would be the rate of tax and the value of supply at which this would be taxable?

Answer :

(i) Supply of Vouchers by the Applicant are taxable at the rate of 9% CGST and 9% UPGST as per residual entry no. 453 of Third Schedule of Notification No. 01/2017-Central Tax (Rate) dt. 28.06.2017 (and similar notification under the UPGST Act).

(ii) Value of supply of vouchers in the present case shall be decided as per subsections (1), (2) and (3) of Section 15 of the CGST Act 2017.

27. This ruling is valid only within the jurisdiction of Authority for Advance Ruling Uttar Pradesh and subject to the provisions under Section 103(2) of the CGST Act, 2017 until and unless declared void under Section 104(1) of the Act.

(Harilal Prajapati)	(Amit Kumar)
Member of Authority for Advance Ruling	Member of Authority for Advance Ruling

Note: An Appeal against this advance ruling order lies before the Uttar Pradesh Appellate Authority for Advance Ruling for Goods and Service Tax, 4, Vibhuti Khand, Gomti Nagar, Lucknow - 226010, within 30 days from the date of service of this order.