

**THE AUTHORITY FOR ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICES TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU – 560 009**

Advance Ruling No. KAR ADRG <sup>37</sup> / 2021

Date : 30-07-2021

Present:

1. Dr.M.P.Ravi Prasad  
Additional Commissioner of Commercial Taxes . . . . Member (State)
2. Sri.Mashhood Ur Rehman Farooqui,  
Joint Commissioner of Customs & Indirect Taxes, . . . . Member (Central)

1.	Name and address of the applicant	M/s. Premier Sales Promotion Pvt. Ltd., Flat No.10/4, Mithra Tower, 4 <sup>th</sup> Floor, Kasturba Road, Bengaluru-560 001.
2.	GSTIN or User ID	29AAECP5056A1ZL
3.	Date of filing of Form GST ARA-01	23-02-2021
4.	Represented by	Sri. Veerabasanagouda S, CA & Authorised Representative
5.	Jurisdictional Authority – Centre	The Commissioner of Central Taxes, Bengaluru North Commissionerate (North Division-2), Bengaluru
6.	Jurisdictional Authority – State	LGSTO-20, Bengaluru.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under the CGST Act and Rs.5,000/- under the KGST Act vide CIN CORP20112900441805 dated 27.11.2020

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

M/s Premier Sales Promotions Private Limited, (called as the 'applicant' hereafter), Flat No.10/4, Mithra Tower, 4<sup>th</sup> Floor, Kasturba Road, Bangalore-560 001, having GSTIN 29AAECP5056A1ZL, have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.



2. The applicant is a Private Limited Company registered under Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following questions:

- i. *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?*
- ii. *If the answer to the above question is in the affirmative, what would be the rate of tax at which this would be taxable, i.e. which category would this be taxed under?*

3. **Admissibility of the application:** The question is about “whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term” and hence is admissible under Section 97(2)(g) of the CGST Act 2017.

4. **BRIEF FACTS OF THE CASE:** The applicant furnishes some facts relevant to the issue:

4.1 The applicant is mainly involved in the business of providing Marketing Services. The nature of services provided to each customer depends on the requirement and depends on the tailored agreement with each customer.

4.2 During the course of business the applicant receives orders for supply of e-vouchers wherein the applicant sources e-vouchers for such customers as per the order received and acts as an intermediary for buying and supplying of e-vouchers.

4.3 **Types of Transactions undertaken by the applicant:** Depending upon the nature of orders received from its customers, the following types of transactions are undertaken by the applicant:

**a. Supply of Gift Vouchers:** In this scenario, the applicant receives orders for supply of Gift Vouchers.

- i. For example, the Hong Kong and Shanghai Banking Corporation Ltd. has given a Work Order for supply of Amazon Gift Vouchers of various denominations.
- ii. The applicant therefore enters into an agreement with Amazon for supply of e-vouchers.
- iii. Once the order is received, the applicant places an order with Amazon and buys the e-vouchers for an agreed consideration and in turn supplies the e-vouchers purchased from Amazon to HSBC for an agreed consideration.





**b. Supply of Cash Back Vouchers:**

In this scenario, the applicant receives an order from Customer “A” stating that it needs e-Cash Back Vouchers of specified denominations to be distributed to final consumer “B” of its goods, wherein the final consumer “B” who buys the goods of the Customer A will receive these vouchers and scratch the card. The final consumer B has to feed these details into specified website by virtue of which he will receive the Cash Back in respect of goods brought by him from Customer A.

**c. Supply of e-Vouchers with multiple options:**

In this scenario, the applicant receives an order from Customer A with multiple options given to its Final Consumer B. For Example, the Final Consumer B is entitled to receive a Voucher say for Rs.500/- with multiple options i.e., the Final Consumer can redeem the Voucher either for payment of his taxi bill, or to receive a Specified Saloon Service or to buy a Movie Ticket.

**5. Applicant’s Interpretation of Law:**

5.1 The term “voucher” is defined in Section 2(118) of the CGST Act as follows:

*“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;*

5.2 The relevant extract of Section 12 of the Act, which deals with the time of supply of goods, reads as follows:

*“(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 sub-section (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.*





5.3 Vouchers are instruments which are redeemable at their face value for goods or services supplied by either the issuer of the vouchers itself, or another party. As such there exists an obligation to accept them as full or partial consideration for a supply of goods or services or both, as per the CGST Act, 2017. Such instruments which enable payments to be effected between a payer and a beneficiary are governed by the Payment and Settlement Systems Act, 2007 (hereinafter referred to as "the Act").

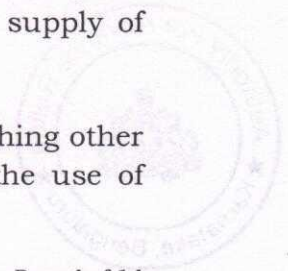
5.4 Vouchers, or Pre-Paid Instruments (PPIs) are classified into three categories as per the Act and the Master Directions issued by the RBI: closed system, semi-closed system and open system as per the RBI Guidelines and FAQs. The applicant states that the vouchers issued by them would fall in the second category, i.e. semi-closed system, wherein a third party issues the voucher which can be redeemed by the beneficiary at a specific group of merchant locations which have a specific contract with the issuer to accept these instruments for payments. The applicant is the third-party issuer of vouchers, which are redeemable by the beneficiaries for goods/services from the specified merchants from whom the applicant has obtained the vouchers.

5.5 The applicant has submitted that an issuance of a PPI as is done by them is only a transaction in money, and not classifiable under goods or services subject to tax. The Hon'ble High Court of Delhi in the case of **Delhi Chit Fund Association v. Union of India (W.P. (C) 4512/2012)** in a service tax matter, held that "*a mere transaction in money represents the gross value of the transaction. But what is chargeable to service tax is not the transaction in money since it can by no means be considered as a service... a mere transaction in money or actionable claim cannot under the common notions of a service be considered as a service by any stretch of imagination...*". This ruling was affirmed by the Hon'ble Supreme Court as well. Moreover, pursuant to the RBI Master Directions, the money received from customers in respect of these vouchers is always kept in escrow account and only used strictly for the settlement of the vouchers. It is not accounted for or used as income in the hands of the issuer. It is therefore clear that the issuance of vouchers is not a taxable activity in the hands of the applicant who merely receives it for onward disbursement.

## 5.6 Actionable Claims:

5.6.1 The applicant has stated that Section 2(1) of the CGST Act defines "actionable claims", that it shall have the same meaning as assigned to it in Section 3 of the Transfer of Property Act, 1882. While the definition of "goods" under the CGST Act expressly includes actionable claims, Schedule III of the CGST Act exempts actionable claims from tax on account of it being an "activity or transaction which shall be treated neither as a supply of goods nor a supply of services".

5.6.2 If Section 2(102) of the CGST Act defines services to mean "anything other than goods, money and securities, 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” is considered, then the act of supplying vouchers could be a service. The applicant states that since actionable claims are specifically considered supply of neither goods nor services by virtue of Schedule III, this activity by them would have to be fully exempt.

## **5.7 Money:**

5.7.1 The applicant submits that under Section 2(75) of the CGST Act, “money” means Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognized by the Reserve Bank of India when used as 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. Pursuant to this, the vouchers issued by them could also fall within the ambit of this definition.

5.7.2 The holder of the voucher redeems it for the purchase of goods or services. This is the taxable activity, where there is a clear supply of certain goods or services against the production of the voucher. At this point, the voucher is used as consideration to settle an obligation and is equivalent to money. Since the definition of money under GST law has also included the words “when used as a consideration to settle an obligation”, these vouchers are clearly seen to fall within the ambit of this definition.

5.8 The applicant is of the view that the transactions contemplated by the agreements entered into by them with the various entities for the supply of vouchers are not taxable under GST based on the arguments and legal provision.

## **PERSONAL HEARING: / PROCEEDINGS HELD ON 15-04-2021**

6. Sri Veerabasanagouda S, Chartered Accountant and Duly Authorised Representative of the applicant appeared for personal hearing proceedings held on 15-04-2021 and reiterated the facts narrated in their application.

## **FINDINGS & DISCUSSION**

7. We have considered the submissions made by the applicant in their application for advance ruling. We have also considered the issues involved on which advance ruling is sought by the applicant and relevant facts. At the outset, we would like to state that the provisions of both the CGST Act and the KGST 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 provisions under the KGST Act.





8. The applicant is a Private Limited Company involved in the business of providing Marketing Services. During the course of business the applicant receives orders for supply of e-vouchers wherein the applicant sources e-vouchers for such customers as per the order received and acts as a trader for buying and supplying of e-vouchers.

9. Section 2(118) of the CGST Act 2017 defines “voucher” and is as under:

*“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;*

It is clearly evident from the definition supra that when there is an obligation to accept the instrument as a consideration or part consideration for a supply of goods or services or both, then such instruments would qualify as vouchers. The payment instruments, in the instant case, squarely would be covered under the definition of “vouchers” as there is an obligation for the acceptor to accept it as consideration or part consideration for a supply of goods or services or both.

We have gone through the copy of the agreement entered into between the applicant and Amazon and the agreement between the applicant and HSBC and also Work Order issued by the applicant to HSBC respectively. We find that the applicant has entered into an agreement to provide marketing services to HSBC whereas in the agreement with M/s. Amazon, there is no specific work description for the applicant. We have also gone through the invoices issued to M/s. Milklane and M/s General Mills India Pvt Ltd. We note that the following are the terms and conditions mentioned in the invoices which also hold true for the beneficiaries of the vouchers:

1. *Under this promotion, the vouchers are being offered directly by Premier Sales Promotions Pvt. Ltd. Further General Mills India Private Limited is not responsible either directly or indirectly with respect to any matter pertaining to this voucher and the prize offered with this voucher.*

2. *Any costs associated with entering the promotion, including accessing the promotional website, are the responsibility of each entrant. Also, regular call and message rates will apply as per the consumer telecom operator in their respective circle.*

3. *Premier Sales Promotions Pvt. Ltd. and The General Mills India Private Limited reserve the right to change the terms and conditions of this scheme, including extending, withdrawing, or discontinuing the same without notice, without assigning any reason, at their sole discretion and without any liability.*





4. *Premier Sales Promotions Pvt. Ltd. and The General Mills India Private Limited shall not be liable in any manner for any cost or expense incurred for the purpose of redemption of the voucher. Premier Sales Promotions Pvt. Ltd. and The General Mills India Private Limited will have no legal and financial liability on unclaimed offers, incentives, vouchers, etc. beyond the applicable period of the promotional offer.*
5. *Premier Sales Promotions Pvt. Ltd., its clients, agents and distributors accepts no responsibility, financial or otherwise for the misuse of Premier Sales Promotions Pvt. Ltd. vouchers, and are not liable for any personal loss or injury and cannot be held responsible for any disagreement concerning quality/ availability of featured offers.*
6. *General Mills India Private Limited does not endorse the quality of any of the offers or services being offered by the Premier Sales Promotions Pvt. Ltd.. Any complaints or queries pertaining to the same would have to be taken up directly with the Premier Sales Promotions Pvt. Ltd. for marketing of such a product or service.*

*These Terms & Conditions are subject to Indian Law and the exclusive jurisdiction of the Courts in Mumbai*

Invoices issued to M/s. Milklane have following information:

1. *The application on of the above said incentive vouchers are for consumer promotions only. These vouchers are not valid and cannot be used by employees or dealers for Internal R&R or Trade incentive programs.*
2. *Premier Sales Promotions Pvt. Ltd to activate the voucher codes in batches as per confirmation from MILKLANE DAIRY SERVICES PRIVATE LIMITED.*
3. *Voucher Codes cannot be interchanged (between Milk and Dahi Packs) as they will already be printed on MILKLANE DAIRY SERVICES PRIVATE LIMITED product packaging and these voucher codes will be integrated into Premier Sales Promotions Pvt. Ltd backend*
4. *This offer entitles the Participant cashback on their Online Wallet or Bank Account Or UPI. The Participant will be responsible for their choice of the cashback transfer method.*
5. *If the Participant is not a wallet partner registered customer, he/she will be required to register on the wallet partner website or Mobile App to receive the wallet cashback.*





6. *This offer entitles the Participant cashback on their Online Wallet or Bank Account Or UPI. The Participant will be responsible for their choice of the cashback transfer method.*
7. *If the Participant is not a wallet partner registered customer, he/she will be required to register on the wallet partner website or Mobile App to receive the wallet cashback*
8. *Any disputes or differences in connection with the offer shall be governed by laws of India and shall be subject to the exclusive jurisdiction of the Courts at Bengaluru.*
9. *This Voucher entitles you to Rs.10 Cashback on purchase of select MILKLANE DAIRY SERVICES PRIVATE LIMITED products in select cities of India*
10. The transactions of the applicant are examined and found that they are issuing three types of vouchers
  - (a) A voucher of type 1 called for convenience "Gift Voucher" wherein the applicant is purchasing the vouchers issued by other companies and is supplying the same to the persons requiring them. The purchasers of these vouchers will issue the same to their clients who will inturn encash the same for purchase of goods or services before the issuing company. Infact the applicant is effectively trading in the Gift Vouchers wherein they are negotiating the price for the Gift vouchers of a particular denomination and then a contract of supply takes place and the sale of gift vouchers occurs from the Issuing Company to the applicant and when the applicant sells the same to their client, there is another transaction of sale of these instruments to the ultimate purchaser.
  - (b) A voucher of type 2, called for convenience "Cash Back Voucher" wherein the applicant is purchasing the vouchers and these vouchers are sold by the applicant to the vendors, who inturn distribute them to their customers. The recipient of these vouchers again submit the vouchers to the customers of the applicant to get cash back in their e wallet, who in turn surrender them to the applicant to gain back the face value of the money. The ultimate consumer uses the cash back in their wallet to further purchase goods from the customers of the applicants. However, it is to be noted that redemption happens at the time of cash back in the ultimate customer's e wallet.
  - (c) A voucher of type 3, called for convenience "Multiple Options Voucher" which is a voucher purchased by the applicant and supplied to the vendors who will issue them to their customers. The customers can utilize these vouchers to make payment for any supply of goods or services by the





suppliers who are tied up with the applicant. These suppliers who receive the vouchers will settle the same with the applicant.

In all these above categories of vouchers, it is observed that the applicant is supplying these vouchers and they are used as payment instruments for the payment of consideration or part consideration for supply of goods or services, in the hands of the end user. We further observe that the first type of voucher (Gift Voucher) can be categorized under closed PPI, whereas the other two vouchers i.e. "Cash Back Voucher" and "Multiple Options Voucher" are semi closed PPIs.

11. Now we proceed to examine whether the impugned vouchers are covered under "money". In this regard, we invite reference to the definition of 'money' under Section 2(75) of the CGST Act 2017, which is as under:

*(75) "money" means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller 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;*

The issue is whether the payment instrument dealt in by the applicant is covered under "any other instrument recognised by the Reserve Bank of India" and whether the condition "when used as a consideration to settle an obligation" is satisfied.

11.1 The payment instrument in scenario 10(b) and 10(c) ( in respect of "Cash Back Voucher" and "Multiple Options Voucher") clearly cannot be issued by the issuer unless the Reserve Bank of India approves the same. Hence they are instruments recognised by the RBI. But in order to be covered under the definition of "money", they have to be used as a consideration to settle an obligation. It is clear that the applicant is supplying the payment instrument to various clients and they are not settling any obligation treating this as consideration. It is only at a later stage, some other person, viz. the client of the client (end user)) is using them to settle their obligation of payment of consideration, using the said vouchers instead of cash. Hence the payment instrument supplied by the applicant to their clients, cannot be covered under the definition of "money" at the time of supplying them. But they would take the colour of money only when it is used for payment of a consideration for the supply of goods or services procured by the end user.

11.2 In the Scenario 10(a) supra, the applicant purchases the payment instruments and sells the same to their clients, who in turn distributes them to their clients/customers and the said customers use them to discharge their obligation to pay consideration for the goods or services procured by them from





their suppliers. Hence these payment instruments would not obtain the character of money at the time of their supply by the applicant.

12. Now, we proceed to examine whether vouchers supplied by the applicant are covered under "actionable claim". We find that Section 2 (1) of CGST Act, 2017 defines actionable claim which is as under:

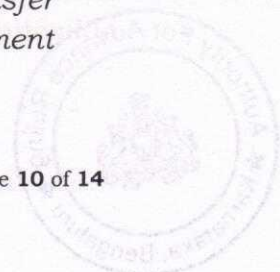
*"2(1) "actionable claim" shall have the same meaning as assigned to it in section 3 of the Transfer of Property Act, 1882;"*

Section 3 of Transfer of Property Act, 1882 defines actionable claim to mean as under:

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

We find that there are two limbs of the definition. Actionable claims are unsecured debts or it is a beneficial interest in a movable property which can be enforced by the civil courts. We further find that Insolvency and Bankruptcy Code 2016 defines Debt as a liability or obligation in respect of a claim which is due from any person and includes a financial debt and operational debt. We note that vouchers are not covered under "actionable claim" as they are not debt. They have an expiry period. We also rely on the decision of Hon'ble Supreme Court of India, in the case of **H. Anraj Etc vs Government Of Tamilnadu Etc on 4 October, 1985**, where it held as under:

*The two entitlements which arise on the purchase of a lottery ticket are of a different character, inasmuch as the right to participate arises in presenti, that is to say it is a choate or perfected right in the purchaser on the strength of which he can enforce the holding of the draw while the other is inchoate right which is to materializes in future as and when the draw takes place depending upon his being successful in such draw. Moreover, on the date of the purchase of the ticket, the entitlement to participate in the draw can be said to have been delivered unto-the-possession of the purchaser who would be enjoying it from the time he has purchased the ticket and as such it would be a chose in possessing while the other would be an actionable claim or a chose-in-action. Thus a transfer of the right to participate in the draw which takes place on the sale of a lottery ticket would be a transfer of beneficial interest in movable property to the purchaser and therefore, amounts to transfer of goods and to that extent it is no transfer of an actionable claim; to the extent that it involves a transfer of the right to claim a prize depending on a chance it will be an assignment of an actionable claim.*





In the light of the above, we observe that the entitlement of redemption is transferred or delivered unto the possession of the purchaser at the time of supply of vouchers by the applicant to its clients and therefore supply of vouchers by the applicant is not an actionable claim.

13. Now we proceed to examine whether the impugned transaction of trading of vouchers amounts to supply in terms of Section 7(1) (a) of the CGST Act 2017 and if so whether the supply is of goods or services. Section 7(1) (a) of the CGST Act 2017 reads as under:

*supply includes 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 or furtherance of business. Thus the impugned transaction amounts to supply in terms of Section 7(1)(a) of the CGST Act 2017. Now we proceed to decide whether the impugned supply of vouchers amounts to supply of goods or services. The vouchers printed on paper are undoubtedly goods, as they are tangible. Now the question is whether the e-vouchers, which are intangible, are also goods or not. In this regard, we invite reference to Section 2(52) of the CGST Act 2017, wherein the term "goods" has been defined to mean as under:

*Section 2(52) –goods means every kind of movable property other than money and securities but includes actionable claim, 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.*

The Hon'ble Supreme Court of India, in the case of Tata Consultancy Services Vs State of Andhra Pradesh (2004) observed that *goods can be tangible or intangible, the test to determine whether property is goods is whether the concerned item is capable of abstraction, consumption & use and whether it can be transmitted, transferred, delivered, stored, possessed etc.* In the instant case the item "voucher" has all the aforesaid capabilities and hence it gets covered under goods, though it is intangible.

Further, the Hon'ble Supreme Court of India, in the case of Vikas Sales Corporation Vs. CCE (1996), with regard transfer of import licenses held that *Import licenses are not actionable claims, they got a monetary value, they are freely transferable and hence they are goods.* In the instant case the item "Voucher" is very much similar to "Import license". Thus the impugned vouchers get covered under goods.

The product/item in the instant case i.e. voucher is undoubtedly a moveable property and squarely gets covered under intangible goods. 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 1(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. We also observe that though both electricity and computer software are intangibles, they are covered under Tariff heading 2716 and 8523 respectively. Hence, we rule that the e-vouchers are taxable as per residual entry no. 453 of third schedule of Notification No.01/2017-Central Tax (Rate) dated 28.06.2017 at the rate of 18% GST.

The applicant has relied upon Supreme Court judgment in the case of Sodexo SVC India Pvt Ltd. We observe that the Supreme Court did not discuss the definition of goods under VAT era which defines them as any movable property but decided the matter in the context of Maharashtra Municipal Corporation Act which defined goods as it includes animals. Thus, we note that we can not rely on this judgment.

For the purpose of valuation, we observe that Rule 32(6) of CGST Rules, 2017 states 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.*

Therefore, the face value of the e vouchers is the value for the purpose of paying GST.

14. In the light of the above discussions, we now proceed to determine the time of supply and associated rates of GST in the three specific cases illustrated by the applicant.

Section 12 (4) & (5) of the CGST Act (same words are mentioned in Section 13 (4) & (5) of CGST Act), which deals with the time of supply of goods, reads as under:

*“(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 sub-section (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.*





14.1 It is observed on application of Place of Supply principle to the three types of vouchers issued by the applicant, that in case of Gift Vouchers, the applicant is supplying the vouchers which are issued by third parties to his customers, who in turn issue the same to their customers, who will redeem them and the third party who has issued the voucher would consider them to provide deduction in the amount payable by the claimant. In the instant case neither the applicant nor their customer is aware of the transaction or the purpose for which the voucher would be redeemed. Hence the time of supply would be governed by the clause (a) of sub-Section (5) of Section 12 of the CGST Act.

14.2 In case of Cash Back Vouchers, the applicant is not aware of the date of redemption and these vouchers are redeemed by way of cash back and are not identifiable with any particular goods/services and hence the time of supply would be governed by the clause (a) of sub-Section (5) of Section 12 of the CGST Act.

14.3 In the case of Multiple Option Vouchers, the applicant is not aware for what purpose and when the voucher would be redeemed, hence the time of supply would be governed by the clause (a) sub-Section (5) of Section 12 of the CGST Act.

15. In view of the foregoing, we pass the following

### RULING

- i. *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?*

*Answer: The supply of Vouchers are taxable as goods and the time of supply in all three cases would be governed by Section 12(5) of the CGST Act 2017.*


*If the answer to the above question is in the affirmative, what would be the rate of tax at which this would be taxable, i.e. which category would this be taxed under?*

*Answer: 18 % GST as per Entry No. 453 of Schedule 3 of Notification No.1/2017-Central Tax (Rate) dated 28.06.2017.*

  
(Dr.M.P. Ravi Prasad)

MEMBER  
Karnataka Advance Ruling Authority  
Bengaluru - 560 009  
Place : Bengaluru,

Date : 30-07-2021

  
(Mashhood Ur RehmanFarooqui)

Member  
MEMBER  
Karnataka Advance Ruling Authority  
Bengaluru - 560 009



To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Bangalore-North Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-20, Bengaluru.
5. Office Folder.



*[Handwritten signature]*

Member  
Karnataka Advance Ruling Authority  
Bengaluru-560 009

*[Handwritten signature]*

MEMBER  
Karnataka Advance Ruling Authority  
Bengaluru-560 009

Date : 30-07-2021