

**GUJARAT AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX
D/5, RAJYA KAR BHAVAN, ASHRAM ROAD,
AHMEDABAD – 380 009.**



ADVANCE RULING NO. GUJ/GAAR/R/2025/27
(IN APPLICATION NO. Advance Ruling/SGST& CGST/2023/AR/40)

Date: 12.08.2025

Name and address of the applicant	:	DSoft Innovations LLP 15 th floor, 1503 to 1505, Sapath V, Opp. Karnavati Club, SG Highway, Vejalpur, Ahmedabad 380 015.
GSTIN of the applicant	:	24AAPFD4973Q1ZL
Jurisdiction Office	:	Center Commissionerate – Ahmedabad South Division – VIII, Vejalpur, Range -II
Date of application	:	14.12.2023
Clause(s) of Section 97(2) of CGST / GGST Act, 2017, under which the question(s) raised.	:	(a),(b),(e),(f),(g)
Date of Personal Hearing	:	29.07.2025, 28.10.2024 & 28.05.2024
Present for the applicant	:	Shri Samir Siddhapuria, Advocate.

Brief facts:

M/s. DSoft Innovations LLP, 15th floor, 1503 to 1505, Sapath V, Opp. Karnavati Club, SG Highway, Vejalpur, Ahmedabad 380 015 [for short – ‘applicant’] is engaged in providing service through their Freedeem application/platform [for short ‘freedeem app’]. The applicant, is registered with the department & his registration number is 24AAPFD4973Q1ZL. The applicant’s TCS registration number is 24AAPFD4973Q1CW & 19AAPFD4973Q1CN.

2. According to the applicant, the main function of freedeem application is as under:

- to help local businesses by promoting their store on its digital platform at zero investment;
- that any merchant can register himself on the app by making an online application; that the applicant's back-end operating team based at Ahmedabad verifies the merchant details on telephone via the registered mobile number provided by merchant;
- that during the phone call verification, applicant's team confirms business details of the respective merchant/s; that once a business is verified, a



merchant can add his/her offer from the freedeem app by sending a mail to applicant's back-end team at Ahmedabad;

- that generally on merchant's request, offers are created by applicant's back-end team and once the same is verified by the merchant, the same goes live on the freedeem app; that all operations are taken care of from the central office based at Ahmedabad location;
- **that the primary function is to enable the local businesses (merchants) to participate on the freedeem app without any upfront charges, by offering discounts / deals on their merchandise;**
- that freedeem app charges a success fee (commission) only if business is transacted through the app;
- that the applicant is paying GST on the success fees @18%;
- that consumers have to visit the store of the merchant physically and avail the offer as per the terms and conditions mentioned in the offers;
- that the applicant never provides any delivery of goods or services to the recipient of goods or services through the freedeem app like Swiggy and Zomato;
- that currently this freedeem app is operational at Ahmedabad, Gandhinagar, Mehsana, Surat, Vadodara, and Kolkata; that they wish to expand it to other cities by replicating the same business model;

3. The applicant has further explained the process of voucher/coupon purchased on the freedeem app, is as under

“User can purchase voucher/coupon on Freedeem Platform by using following methods:

a) Pay Bill:-

In this method, Users directly visit the merchant and confirm the availability of the offer by showing it to the merchant. After consuming service/product user- will pay the bill using "Pay Bill" option as per merchant's invoice, in which user will enter bill's discounted value and pay on the Freedeem app. The collected amount will be paid back to the merchant in the next on second Day of redemption after deducting commission and necessary taxes by Freedeem.

b) Buy Now:-

In this method, Users directly visit the merchant and confirm the availability of the offer by showing it to the merchant. Once merchant confirms the availability of the offers, users buy the same by clicking the "Buy Now" button on the Freedeem App. User will pay offer amount to the Freedeem which will be paid back to the merchant on second day of redemption by Freedeem after deducting its commission and necessary taxes. Users can redeem the purchased offer as per its validity and T&C at the outlet of the merchant by scanning the QR code (a unique QR code is provided to every merchant) Once a user redeems the offer, merchants provide the service / product as mentioned on the Freedeem App. Users can keep



the selected offer in the wallet to avail the limited quantity or limited time period benefit provided by the merchant. The process is purely dependent on merchants and users. Freedeem acts as a facilitator for both parties.”

4. The applicant has further stated that earlier they were raising monthly commission invoices for providing services to the merchant/s; that since it was not paid by the merchants in a timely manner and owing to the difficulty faced in collecting the commission after provision of services, the applicant decided to introduce an option wherein customer pays offer value on the freedeem app and thereafter the applicant transfers the share to the merchant on the second day of such redemption.

5. The applicant further claims that merchants engaged in bakery products, saloons, beauty parlors, hotel and restaurants are registering themselves on the freedeem app and floating their scheme in the open market to attract business.

6. The applicant, thereafter relying on notification No.17/2017-CT(R) dated 18.11.2017, as amended, has stated that in case of restaurant services, when supplied through ecommerce operator, GST is to be paid by ecommerce operator in terms of section 9(5), *ibid*; that the applicant further stated that they will not fall within the ambit of 9(5), owing to the following viz.,

- that a platform is provided to the merchants through the app; that this allows the end users to identify offers through which they can avail maximum benefit;
- that the merchant ought to have given discount/offers to the end users after making live on app;
- that the applicant is having full control over offer once it goes live;
- that the applicant only receives the money on behalf of the merchants from the end users;
- that the applicant is not responsible for deficiency in services;
- that the applicant is only engaged in connecting merchants to the end users.

7. In view of the foregoing, the applicant has made the application seeking an advance ruling, in respect of following questions:

“(a) Whether applicant is considered as E Commerce operator under the GST Act or not? If yes, then applicant is required to take compulsory registration or not?”



(b) Applicant is liable to pay RCM u/s. 9(5) of the GST being E Commerce Operator though applicant not providing food delivery service through its freedeem platform to the recipient of services?

(c) If answer of question a & b is in *yes*, then as to whether applicant is required to deduct TCS under the GST Act while making payment to merchants registered under the GST Act and not registered merchants under the GST Act or not?

(d) If Freedeeem get exemption from RCM for Restaurant service, will the TCS be applicable to the Restaurant Service in that case?

(e) For TCS Collection, state wise registration is compulsory as e commerce operator even if centralized management systems are followed. If the answer of the question is no then whether Freedeeem should deduct 1% ITCS or 0.5% CTCS and 0.5% STCS for supply at state other than state of Gujarat as applicant is following centralized management & operation system?

(f) Separate GST Number as regular Taxpayer: -In case Freedeeem follows provision of sec.9(5), is it mandatory to register as a separate regular taxpayer state wise for discharging Sec.9(5) liability by charging CGST and SGST or it can be discharged by charging IGST for other than principal place of business as all other regular supply will be reported under same GSTIN for principal place of business?"

8. Personal hearing was granted on 28.10.2024, wherein the Shri Samir Siddhapuria, Advocate appeared on behalf of the applicant. He reiterated the submission already made. He further stated that as they have not supplied any restaurant service they would not fall within the ambit of section 9(5) of the CGST Act, 2017; that they are already deducting TCS. During the course of personal hearing, the applicant submitted additional submissions containing the following *viz.*,

- [i] sample copy of agreement made with customers;
- [ii] sample copy of tax invoice issued by restaurant to the customer;
- [iii] sample copy of the invoice raised by Zomato.

8.1 The agreement made with the customers, known as "Merchant Registration Form", contains the following *viz.*,

DEALS / OFFERS CREATION DETAILS:

All created DEALS and OFFERS must be communicated to Freedeeem from time to time through the merchant's official email ID only which is mentioned in this registration form.

REDEEM SERVICES:

- The Merchant's Offers ("Offers") shall be featured on the Freedeeem Platform (as well as their strategic partner application including all other platforms, if any) in accordance with the offer options as agreed to with the Merchant on its goods/services from time to time during the Term of the Agreement.
- All Offers including but not limited to Exclusive offers and other offers if any, as well as Freedeeem Fees for the same can be agreed through emails from the registered email ID or by way of a separate Annexure to this form.
- The Users shall avail the Offers by paying offers'/deals' value as prescribed in the selected voucher using "Buy Now and/or Pay Bill" payment option as per availability at the Freedeeem platform and same will be required to show at the Merchant's Business Establishment for verification.
- Freedeeem will receive the deal/offer amount from customer via "Buy Now and/or Pay Bill" payment option on behalf of the merchant (as per prescribed rate in coupon or rate card) in the bank account of Freedeeem for supply of goods or service provided by Merchant to the user who is actual recipient of goods or service. Amount received by Freedeeem from the user will be credited to the Merchant's bank account within 3 working days as per bank details provided by the merchant in the registration form after deducting its commission and applicable tax, if any, as per Indian laws & provisions with this regard.



KEY POINTS OF MERCHANT REGISTRATION TERMS & CONDITIONS:

1. The responsibility to offer the best standards of service or product rests completely on the Merchant.
 2. Freedeem shall provide a platform for marketing the product/services offered by the Merchant at Freedeem's own discretion. The promotion on the App/Website will be provided to the Merchant as per the terms agreed by both the parties.
 3. Once signed, the agreed terms can only be changed by way of an Addendum letter, mutually agreed, and signed by both the parties.
 4. Details of the deals provided by the merchant shall be entered into Freedeem App by Freedeem's own resources. However, merchants will be required to verify the same electronically on Freedeem's merchant app. Till the same is not verified by the merchant, deals will not go live. Once the deals are verified electronically by the merchant through his log-in credentials on any mobile device or website, Freedeem can make that deal live and complete responsibility of such deals including terms and conditions of the deals shall rest on the merchant.
 5. The Merchant agrees not to provide the same deals of Services/Products provided on Freedeem platform, to anybody including a subscriber of the Freedeem App/Website who approaches the Merchant directly without redeeming the coupon on Freedeem. In case of violation by the Merchant, Freedeem reserves the right to terminate the Agreement without notice.
 6. Before rendering the service to the respective customers, merchant needs to verify the status of their payment/redemption of selected deals/offers from the App dashboard.
 7. Merchant agrees that it shall comply with all applicable laws, ordinances, codes, and regulations. Further, merchant shall establish and maintain all proper records (particularly, but without limitation, accounting records) required by any law, code of practice or corporate policy applicable to it from time to time.
 8. Freedeem will process the reimbursement of the merchant share on the basis of number of redemption done at the merchant's outlet/s as shown in the App dashboard.
 9. In case of multiple franchisee outlets, it is required to mention all necessary details of each branch/outlet in the separate annexure along with the agreement to process for each outlets' registration on Freedeem app.
- *Note: Buy Now/Pay Bill payment method will be effective in your city/location from the date of email/whats-app notification you will receive from the Freedeem.

Applicable Taxes:

Taxes will be deducted from the collected offer value and submitted with Tax department as per the following

Food & Beverages Categories:

- A) GST & Non GST registered Restaurant Services Merchants:
 - 18% GST on Freedeem commission.
 - 1% TDS on offer value of products / services redeemed if PAN card submitted / 5% TDS if PAN card not submitted [in case of HUF/Individual - TDS will not be applicable till 5 lacs turnover during the FY]
 - 1% TCS on net value of products / services redeemed (only for GST registered Restaurant Services Merchants)
 - GST to be paid by the Merchant at their own in the GST return.
 - In case of GST Unregistered, Authorized self-declaration of GST Exemptions (mandatory)
- B) GST registered Ready-made Food Bakery & Snacks (Other than Restaurant Services) Merchants
 - 18% GST on Freedeem commission.
 - 1% TDS on offer value of products / services redeemed if PAN card submitted / 5% TDS if PAN card not submitted [in case of HUF/Individual - TDS will not be applicable till 5 lacs turnover during the FY]
 - 1% TCS on net value of products / services redeemed.
 - GST to be paid by the Merchant at their own in the GST return.

Beauty & Spalon Categories:

- A) GST registered Merchants:
 - 18% GST on Freedeem commission.
 - 1% TDS on offer value of products / services redeemed if PAN card submitted / 5% TDS if PAN card not submitted [in case of HUF/Individual - TDS will not be applicable till 5 lacs turnover during the FY]
 - 1% TCS on net value of products / services redeemed.
 - GST to be paid by the Merchant at their own in the GST return.
- B) Non-GST registered Merchants:
 - 18% GST on Freedeem commission.
 - 1% TDS on offer value of products / services redeemed if PAN card submitted / 5% TDS if PAN card not submitted [in case of HUF/Individual - TDS will not be applicable till 5 lacs turnover during the FY]
 - Authorized self-declaration of GST Exemptions (mandatory)

8.2 In pursuance to the change in Member (State), a fresh personal hearing was held on 29.7.2025, wherein Shri Samir Siddhapuria, Advocate appeared on behalf of the appellant and reiterated the submissions made in the application.

Discussion and findings

9. At the outset, we would like to state that the provisions of both the CGST Act and the GGST 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 GGST Act.



10. We have considered the submissions made by the applicant in their application for advance ruling as well as the submissions made during the course of personal hearing, additional written submissions and oral submissions made during the course of personal hearing. We have also considered the issue involved, the relevant facts & the applicant's submission/interpretation of law in respect of question on which the advance ruling is sought.

11. Before dwelling on to the questions on which the applicant has sought ruling, it would be prudent to reproduce the relevant sections, notifications, etc. for ease of understanding viz.,

CENTRAL GOODS AND SERVICES TAX ACT, 2017

➤ **Section 2. Definitions.-**

In this Act, unless the context otherwise requires,-

(44) "electronic commerce" means the supply of goods or services or both, including digital products over digital or electronic network;

(45) "electronic commerce operator" means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce;

➤ **Section 9. Levy and collection.-**

(5) The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services:

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax:

Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

➤ **Section 24. Compulsory registration in certain cases.-**

Notwithstanding anything contained in sub-section (1) of section 22, the following categories of persons shall be required to be registered under this Act,-

- (i) persons making any inter-State taxable supply;
- (ii) casual taxable persons making taxable supply;
- (iii) persons who are required to pay tax under reverse charge;



- (iv) person who are required to pay tax under sub-section (5) of section 9;
- (v) non-resident taxable persons making taxable supply;
- (vi) persons who are required to deduct tax under section 51, whether or not separately registered under this Act;
- (vii) persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;
- (viii) Input Service Distributor, whether or not separately registered under this Act;
- (ix) persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52;
- (x) every electronic commerce operator ¹[who is required to collect tax at source under section 52;]
- (xi) every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered person; ²[* * * *]
- ³[(xia) every person supplying online money gaming from a place outside India to a person in India; and]
- (xii) such other person or class of persons as may be notified by the Government on the recommendations of the Council.

➤ **Section 52. Collection of tax at source.- [relevant extract]**

(1) Notwithstanding anything to the contrary contained in this Act, every electronic commerce operator (hereafter in this section referred to as the "operator"), not being an agent, shall collect an amount calculated at such rate not exceeding one per cent., as may be notified by the Government on the recommendations of the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator.

Explanation .-For the purposes of this sub-section, the expression "net value of taxable supplies" shall mean the aggregate value of taxable supplies of goods or services or both, other than services notified under sub-section (5) of section 9, made during any month by all registered persons through the operator reduced by the aggregate value of taxable supplies returned to the suppliers during the said month.

(2) The power to collect the amount specified in sub-section (1) shall be without prejudice to any other mode of recovery from the operator.

(3) The amount collected under sub-section (1) shall be paid to the Government by the operator within ten days after the end of the month in which such collection is made, in such manner as may be prescribed.

Notification No. 17/2017-Central Tax (Rate)

New Delhi, the 28th June, 2017

G.S.R.....(E).- In exercise of the powers conferred by sub-section (5) of section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby notifies that in case of the following categories of services, the tax on intra-State supplies shall be paid by the electronic commerce operator –

- (i) services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle;
- (ii) services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, except where the person supplying such service through electronic commerce operator is liable for registration under sub-section (1) of section 22 of the said Central Goods and Services Tax Act.



Notification No. 23/2017-Central Tax (Rate)

New Delhi, the 22nd August, 2017

G.S.R.....(E).- In exercise of the powers conferred by sub-section (5) of section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.17/2017-Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 696(E) dated the 28th June, 2017, namely:-

In the said notification, in the first paragraph, after clause (ii) the following clause shall be inserted, namely:-

“(iii) services by way of house-keeping, such as plumbing, carpentering etc, except where the person supplying such service through electronic commerce operator is liable for registration under sub-section (1) of section 22 of the said Central Goods and Services Tax Act.”.

Notification No. 17/2021-Central Tax (Rate)

New Delhi, 18th November, 2021.

G.S.R.....(E).- In exercise of the powers conferred by sub-section (5) of section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following amendments further to amend the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.17/2017- Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R. 696(E) dated the 28th June, 2017, namely:-

1. In the notification,-

(ii) after clause (iii), the following clause shall be inserted, namely:-

“(iv) supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises.”

12. The facts of the case are mentioned in detail *supra*, and hence is not being repeated for the sake of brevity.

13. Moving on to the first question, in terms of the definition at section 2(44) & (45) of the CGST Act, 2017, *supra*, ‘electronic commerce’ means supply of goods or services or both including digital products over digital or electronic network while ‘electronic commerce operator’ means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.

14. We find that bakery, saloons, beauty parlours, hotels and restaurants, etc., are merchants who have registered on the app; that the backend team of the app, stationed at Ahmedabad verifies the business & consequently the merchant can add his/her offer in the app by sending a mail to the backend team; that the app enables purchase of voucher/coupon through the freedeem app in two ways viz., ‘pay bill’ or ‘buy now’. The applicant, during the course of personal hearing held on 29.7.2025, has relied on circular No. 243/37/2024-GST dated 31.12.2024, the operative part of which states as under:

3.4 On combined reading of the definition of “voucher” as per section 2(118) of the CGST Act, along with definition of “money” as per section 2(75) of the CGST Act



and the description of "pre-paid instruments" given by RBI, it emerges that where the voucher is covered as a pre-paid instrument recognized by the RBI and is used as a consideration to settle an obligation, then in such cases, the voucher will fall under the definition of "money". In such a case, as "money" is excluded from the definition of goods and services as provided in section 2(52) and section 2(102) of the CGST Act respectively, the transactions in voucher would be considered neither as a supply of goods nor as a supply of services.

3.5. In cases, where voucher is not covered as a pre-paid instrument recognized by RBI and hence, cannot be treated as money, the voucher will be in nature of an obligation on the supplier to receive it as consideration or part consideration and assure the beneficiary/voucher holder to claim certain goods and/or services as specified on the voucher or in the related documents. In such cases, the voucher can be considered as an "actionable claim" within the meaning of section 2(1) of the CGST Act, read with section 3 of the Transfer of Property Act, 1882.

3.6 Further, as per entry 6 of Schedule III of CGST Act, an activity or transactions of actionable claims, other than specified actionable claims, is to be treated neither as a "supply of goods" nor as a "supply of services". Further as per section 2(102A) of CGST Act, specified actionable claim means the actionable claim involved in or by way of betting, casinos, gambling, horse racing, lottery or online money gaming. As vouchers are not covered under definition of specified actionable claim, it appears that they are covered in entry 6 of Schedule III of CGST Act as actionable claims, other than specified actionable claims. Therefore, it appears that even in such a case, transaction in vouchers would be treated neither as a "supply of goods" nor as a "supply of services".

3.7 Therefore, it is clarified that irrespective of whether voucher is covered as a pre-paid instrument recognized by RBI or not, the voucher is just an instrument which creates an obligation on the supplier to accept it as consideration or part consideration and the transactions in voucher themselves cannot be considered either as a supply of goods or as a supply of services. However, supply of underlying goods and/or services, for which vouchers are used as consideration or part consideration, may be taxable under GST.

Though, it stands clarified that transaction in vouchers, is neither supply of goods nor services, the applicant is on record that in both the methods viz., 'pay bill' or 'buy now', the payment is routed through their Freedeem app. What emanates from the above is that there is collection of consideration by the applicant on behalf of the merchants, thereby making the activity supply of services over electronic network, & hence bringing the said activity within the ambit of 'electronic commerce'. Further, it is factually not disputed that it is the applicant who owns, operates, manages the freeddeem app for electronic commerce. We, therefore, answer the first portion of the first question seeking a ruling by holding that the applicant in view of the activity mentioned above, is an electronic commerce operator under the GST Act.

15. As far as the second portion of the first question, i.e. if the applicant is an electronic commerce operator, is he required to take compulsory



registration or otherwise? We have already held that the applicant is a 'electronic commerce operator'. In terms of section 24(x) read with section 52, *ibid* we find that every electronic commerce operator, irrespective of his turnover is mandatorily required to obtain registration. Further, this registration is in addition to and separate from GST registration obtained as a normal supplier.

16. Going on to the second question i.e., whether the applicant is liable to pay RCM under section 9(5), *ibid*, being electronic commerce operator, though applicant is not providing food delivery service through its Freedeem app to the recipient of services?

16.1 Notification no. 17/2017-CT(R), as amended, is already reproduced *supra*. We find that in terms of the said notification, the Government has specified the below mentioned categories of services, wherein the tax on intra-state supplies shall be paid by the electronic commerce operator, in case such service is supplied through it. The services are *viz.*,

- (i) *services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motorcycle;*
- (ii) *services by way of providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, [except where the person supplying such service through electronic commerce operator is liable for registration under section 22(1), *ibid*];*
- (iii) *services by way of house-keeping, such as plumbing, carpentering etc, [except where the person supplying such service through electronic commerce operator is liable for registration under section 22(1), *ibid*];*
- (iv) *supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises.*

The applicant has stated that what he supplies is voucher/coupon. The applicant has vehemently stated that they are not providing food delivery services to the end users however, they accept payment on behalf of the merchants; that they make the payment on the second day of redemption to the merchants after deducting their commission for providing its services; that they take no responsibility for the supply of services as described on the freedeem app. Since, the applicant's service does not fall within the ambit of the aforementioned services, notified in terms of section 9(5), *ibid*, they are outside the scope of the said sub-section.



17. Moving on to the third question, viz., if answer of question (i) & (ii) above, is in yes, then as to whether applicant is required to deduct TCS while making payment to registered merchants and un-registered merchants or otherwise. The question has sub-questions. Since the applicant has sought answer to this question only if answer to question [i] and [ii] are in yes. That not being the case as is evident above, and since we have answered the second question in negative, we are not inclined to answer this question. However, the moot point about TCS has been discussed in the paragraph below.

18. The fourth question is that if the freedeem app gets exemption from RCM for Restaurant service, will the TCS be applicable to the Restaurant Service in that case?

18.1 Surprisingly, after vehemently denying that they are not providing food delivery services to the end users, and do not fall under 'restaurant services' the appellant is seeking a ruling on the question as to whether they are required to deduct TCS if they are not liable under RCM for restaurant services. We find that section 52(1), *ibid*, very clearly states that every electronic commerce operator not being an agent, shall collect an amount calculated at such rate not exceeding one per cent, as may be notified by the Government on the recommendations of the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the electronic commerce operator. The explanation further goes on to state that the expression "net value of taxable supplies" means the aggregate value of taxable supplies of goods or services or both, excluding services notified under section 9(5), *ibid*, made during any month by all registered persons through the operator reduced by the aggregate value of taxable supplies returned to the suppliers during the month. Further, the applicant is on record that their nature of business allows them to collect money on behalf of the suppliers. This being factually undisputed, we hold that the applicant is liable to collect TCS in terms of section 52, *ibid*.

19. Going to the fifth question, viz., for TCS collection, state wise registration is compulsory as electronic commerce operator even if



centralized management systems are followed. If the answer of the question is no then whether freedem should deduct 1% ITCS or 0.5% CTCS and 0.5% STCS for supply at state other than state of Gujarat as applicant is following centralized management & operation system? The first portion of the question as far as state wise registration is concerned, stands answered in the FAQ on TCS under GST issued by the Law Committee, GST Council, dated 28.09.2018, wherein under Sr. No. 8, it is clarified as follows:

Sr. no.	Question	Answer
8	<i>Whether e-Commerce operator is required to obtain registration in every State/UT in which suppliers listed on their e-commerce platform are located to undertake the necessary compliance as mandated under the law?</i>	<i>As per the extant law, registration for TCS would be required in each State / UT as the obligation for collecting TCS would be there for every intra-State or inter-State supply. In order to facilitate the obtaining of registration in each State / UT, the e-commerce operator may declare the Head Office as its place of business for obtaining registration in that State / UT where it does not have physical presence. It may be noted that each State/UT has indicated one administrative jurisdiction where all e-commerce operators having business (but not having physical presence) in that State/UT shall register. The proper officer for the purpose of registration of ECOs has also been notified by each State/UT.</i>

For the second portion of the question, regarding the rate of TCS to be deducted, we would like to refer to Sr. No. 4 of the aforementioned FAQ, viz.,

Sr. no.	Question	Answer
4	<i>What is the rate of TCS notified by Government?</i>	<i>Rate of TCS is 0.5% under each Act (i.e. the CGST Act, 2017 and the respective SGST Act / UTGST Act respectively) and the same is 1% under the IGST Act, 2017. Notifications No. 52/2018 – Central Tax and 02/2018-Integrated Tax both dated 20th September, 2018 have been Page 2 of 11 issued in this regard. Similar notifications have been issued by the respective State Governments also.</i>



Accordingly, the applicant is required to take registration for TCS in respect of each state and the deductions have to be reflected in the concerned registration while filing the returns.

20. Moving on to the last question, posed for ruling, viz., in case freedem app follows provision of section 9(5), is it mandatory to register as a separate regular taxpayer state wise for discharging section 9(5) liability by charging CGST and SGST or it can be discharged by charging IGST for other than principal place of business as all other regular supply will be reported under same GSTIN for principal place of business?”. Since in para 16.1, we have already held that the applicant is outside the scope of section 9(5), *ibid*, we find that this question is rendered infructuous.

21. The applicant, has relied upon the case of M/s. Juspay Technologies P Ltd¹ during the course of personal hearing held on 29.7.2025. We find that in terms of section 103 of the CGST Act, 2017, the advance ruling pronounced by the Authority is binding on the applicant and the concerned officer or jurisdictional officer.

22. In view of above, we rule as under:

RULING

Question a: Whether applicant is considered as E Commerce operator under the GST Act or not? If yes, then applicant is required to take compulsory registration or not?

Answer : Applicant is an electronic commerce operator. Further, in terms of section 24(x) read with section 52, of the CGST Act, 2017, the applicant is mandatorily required to obtain registration.

Question b: Applicant is liable to pay RCM u/s. 9(5) of the GST being E Commerce Operator though applicant not providing food delivery service through its freedem platform to the recipient of services?

Answer : As the applicant's service does not fall within the ambit of the services notified in terms of section 9(5), *ibid*, vide notification No. 17/2017-CT (R), as amended, they are outside the scope of section 9(5) of the CGST Act, 2017.

¹ Advance Ruling Order No. KAR/ADRG 31/2023 dated 15.9.2023



Question c: If answer of question a & b is in *yes*, then as to whether applicant is required to deduct TCS under the GST Act while making payment to merchants registered under the GST Act and not registered merchants under the GST Act or not?

Answer : Since the answer to question at [a] and [b], *supra* is not *yes*, we are not inclined to answer this question. However, the moot point is discussed in the answer below.

Question d: If Freedeem get exemption from RCM for Restaurant service, will the TCS be applicable to the Restaurant Service in that case?

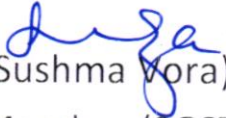
Answer : The applicant is liable to collect TCS in terms of section 52, of the CGST Act, 2017.

Question e: For TCS Collection, state wise registration is compulsory as e commerce operator even if centralized management systems are followed. If the answer of the question is no then whether Freedeem should deduct 1% ITCS or 0.5% CTCS and 0.5% STCS for supply at state other than state of Gujarat as applicant is following centralized management & operation system?

Answer: The ruling is in terms of para 19 *supra*.


Question f: Separate GST Number as regular Taxpayer: -In case Freedeem follows provision of sec.9(5), is it mandatory to register as a separate regular taxpayer state wise for discharging Sec.9(5) liability by charging CGST and SGST or it can be discharged by charging IGST for other than principal place of business as all other regular supply will be reported under same GSTIN for principal place of business?"

Answer: In para 16.1, *supra*, it has been held that the applicant is outside the scope of section 9(5) of the CGST Act, 2017, this question is rendered infructuous.


(Sushma Vora)
Member (SGST)

Place: Ahmedabad
Date: 12.08.2025




(Vishal Malani)
Member (CGST)