

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

Advance Ruling No. KAR ADRG 14/ 2018

Dated : 27th July 2018

Present:

1. Sri. Harish Dharnia,
Joint Commissioner of Central Tax,
. . . . Member (Central Tax)
2. Dr. Ravi Prasad M.P.
Joint Commissioner of
Commercial Taxes
. . . . Member (State Tax)

1.	Name and address of the applicant	M/s Opta Cabs Private Limited, Chitkala, No.216, 6 th Main, Nrupathunganagar, J.P.Nagar 7 th Phase, Bengaluru – 560076
2.	GSTIN or User ID	29AACCO5970E1Z9
3.	Date of filing of Form GST ARA-01	02.04.2018
4.	Represented by	Sri Chandrashekhara Reddy, Managing Director
5.	Jurisdictional Authority – Centre	Bangalore South Commissionerate, Central Tax, Bengaluru.
6.	Jurisdictional Authority – State	LGSTO-25, Koramangala, Bengaluru
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of 1. Rs.5,000-00 under CGST Act vide CIN ICIC18042900001696 dated 02.04.2018 2. Rs.5,000-00 under KGST Act vide CIN ICIC18042900001696 dated 02.04.2018

**ORDER UNDER SUB-SECTION (4) OF SECTION 98 OF CENTRAL GOODS
AND SERVICE TAX ACT, 2017 AND UNDER SUB-SECTION (4) OF SECTION
98 OF KARNATAKA GOODS AND SERVICES TAX ACT, 2017**

1. M/s Opta Cabs Private Limited, (called as the ‘Applicant’ hereinafter), Chitkala, No.216, 6th Main, Nrupathunganagar, J.P.Nagar 7th Phase, Bengaluru – 560076, having GSTIN number 29AACCO5970E1Z9, has filed an application for Advance Ruling under Section 97 of CGST Act,2017, KGST Act, 2017 read with Rule 104 of CGST Rules 2017 & KGST Rules 2017, in form GST ARA-01 discharging the fee of Rs.5,000-00 each under the CGST Act and the KGST Act.

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

- a) Whether the money paid by the customer to the driver of the cab for the services of the trip is liable to GST and whether the applicant company is liable to pay GST on this amount

3. The applicant furnishes some facts relevant to the stated activity:

- a. The applicant states that he is in the business of Taxi Aggregation Service and Taxi Service. He states that the billing is done in the name of the Taxi Driver who provides the service for the particular trip and the taxi driver would collect the amount from the customer on the completion of the trip. The applicant shall not collect the amount on behalf of the taxi driver.
- b. He states that the applicant is not collecting any charges including trip commission, but only collects service charges for usage of IT services which he would have provided from his end. i.e. Mobile App and Billing related services. Customers pay directly to the drivers, whose turnover may not be more than Rs.12 Lakhs per annum and the applicant is of the opinion that he may not be required GST to be levied on the trip amount.
- c. The applicant seeks clarity on GST collection for him to implement their invoicing process of each trip. He also undertakes that he would collect and pay to the Government any taxes on the amounts that would be collected by him. He feels that the taxes applicable would be payable by the drivers and users and not to be collected and paid by him as the amount is not routed through him. He also feels that as the threshold of turnover is Rs.20 Lakhs per annum, each of the taxi driver would take care of the taxation of services at their end. He also states that in case the aggregate turnover of any of the cab owner/ driver crosses the threshold, he would obtain the declaration and GST Certification to enable the collection of GST amount in their software.
- d. The applicant also declares that they are registered taxable persons under the GST Acts and would charge GST on the monthly service charges recovered from each of the cab operators.

4. FINDINGS & DISCUSSION:

4.1 The transaction of the applicant is verified and found that the applicant proposes to operate a taxi aggregation service wherein he would be providing a mobile application to both the customers and the taxi operators. The taxi operators are proposed to be given a membership and monthly charges would be collected from them. For this usage of facilities, the applicant proposes to collect monthly usage charges from each of the taxi operator and undertakes to collect and pay goods and service tax on the same. The applicant proposes not to charge any commission or any other consideration other than the monthly usage charges from any of the taxi operators. The applicant states that he would not be collecting any application usage charges from the consumers of the taxi service and the consumers would be sent an invoice for the usage of the taxi service from his software application and the amount so billed shall be payable by the consumer to the taxi operator on which he proposes to have no control over the payment. The consumer would book the taxi on his application and the taxi operator would be intimated about the potential customer and on usage, he would be billed by the applicant on behalf of the taxi operator.

4.2 The business model of the applicant is verified and found that he is liable to pay taxes on the services provided to the taxi operators and the applicant company has no dispute in admitting his liability on the monthly usage charges charged on the taxi operators for using the application and is also not a matter before this Authority.

4.3 The services is provided by the taxi operator and the amount is collected from the customer by him and the applicant company has no role to play other than issue of invoice on behalf of the taxi operator to the customer. The customer would log in to the application of the applicant and book the taxi.

4.4 Sub-section (5) of section 9 of the Central Goods and Services Tax Act, 2017 states as under :

“(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 provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable to pay tax in relation to the supply of such service.”

Notification No.17/2017 – Central Tax (Rate) dated 28th June, 2017 notifies the services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle as the category of services, the tax on intra-State supplies on which shall be paid by the electronic commerce operator as per the provisions of sub-section (5) of section 9 of the Central Goods and Services Tax Act, 2017.

A conjoint reading of the above provisions, it is clear that the electronic commerce operator shall be liable to pay tax on the services provided by a motor cab or maxi cab or motor cycle or radio-taxi, by way of transportation of passengers, if such services are supplied through it and it shall be deemed that the electronic commerce operator is deemed to be supplier in such cases.

There is no doubt that the services of transportation of passengers is supplied to the consumers through the applicant and by virtue of this provision, it shall be deemed that the applicant would be deemed to be the supplier liable to pay tax in relation to the supply of such service by the taxi operator.

5. In view of the foregoing, we rule as follows

R U L I N G

The applicant is liable to tax on the amounts billed by him on behalf of the taxi operators for the service provided in the nature of transportation of passengers through it, in accordance with the provisions of sub-section (5) of section 9 of the Central Goods and Services Tax Act 2017 read with Notification No. 17/2017 –Central Tax (Rate) dated 28.06.2017 and the provisions of sub-section (5) of section 9 of the Karnataka Goods and Services Tax Act 2017 read with Notification No. 17/2017 –State Tax (Rate) dated 28.06.2017.

(Harish Dharnia)
Member

(Dr.Ravi Prasad.M.P.)
Member

Place : Bengaluru,
Date : 27.07.2018

To,

The Applicant

Copy to :

The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.

The Commissioner of Central Tax, Bangalore South Commissionerate, Bengaluru.

The Commissioner of Commercial Taxes, Karnataka, Bengaluru.

The Asst. Commissioner, LGSTO - 25, Koramangala, Bengaluru.

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