

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
WRIT PETITION NO. 4645 OF 2024**

Neha Piyush Shah

...Petitioner

Versus

Union of India & Anr.

...Respondents

Mr. Prakash Shah, Senior Advocate, with Mr. Saurabh Godbole i/b. Mr. Sahil Mahajan for Petitioner.

Mr. Karan Adik for Respondents.

**CORAM: G. S. KULKARNI &
AARTI SATHE, JJ.
DATE: 12 MARCH 2026**

P.C.

1. We have heard Mr. Prakash Shah, learned senior counsel for the petitioner, and Mr. Adik, learned counsel for the respondents.

2. This petition challenges the Order-in-Original dated 26 December 2023, whereby the demand against the petitioner has been confirmed in terms of the following directions:-

“7.8 Difference in P&L and GST Turnover:

(xv) I confirm the demand of GST amounting to Rs. 12,66, 19,880/- (Rupees Twelve Crore Sixty Six Lakhs Nineteen Thousand Eight Hundred and Eighty Only), under the provisions of Section 73 of CGST Act, 2017 read with corresponding section of MGST Act, 2017 and relevant sections of IGST Act, 2017, as detailed in 7.8 above along with applicable interest under section 50 of the CGST Act, 2017 on M/s. Neha Piyush Shah (Trade Name – Neoniche).

(xvi) I impose a penalty of Rs. 1,26,61,988/- {Rupees One Crore Twenty Six Lakhs Sixty One Thousand Nine Hundred and Eighty Eight only}, under section 73 read with Section 122(2)(a) of the CGST Act, 2017, read with corresponding section of MGST Act, 2017 and relevant section of IGST Act, 2017 on M/s. Neha Piyush Shah (Trade Name - Neoniche).

3. At the outset, Mr. Shah has stated that there are other demands in the impugned order in respect of which the petitioner intends to prefer an appeal. Accordingly, the scope of the present petition is confined only with regard to the order by which the demand of Rs. 12,66,19,880/- being confirmed against the petitioner under the provisions of Section 73 of CGST Act, 2017 read with the corresponding section of MGST Act, 2017.

4. The petitioner is an individual who was dealing with vouchers. The term “voucher” has been defined under the provisions of Section 2 (118) of the CGST Act, which reads thus:-

“(118) “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. Respondent no.2, however, applying the provisions of Section 7 of the CGST Act, has held that the petitioner dealing in vouchers, would amount to the petitioner dealing in goods and has accordingly, confirmed the said demand on the petitioner’s turnover. Mr. Shah submits that such approach on the part of respondent no.2 was not correct, particularly taking into consideration the definition of ‘money’ as defined under Section 2(75) of the CGST Act, which reads thus:-

““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 recognised 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;

6. Mr. Shah further submits that the issue of a registered person dealing in vouchers, was the subject matter of consideration before the Karnataka High court in case of **M/s. Premier Sales Promotion P Ltd V/s. Union of India** (Writ petition No 5569 of 2022). The Division Bench of the Karnataka High Court, considering the decision of the Supreme Court in **Sodexo SVC India Private Ltd. v. State of Maharashtra**¹, held that the transactions of the assessee with its clients, involving vouchers, amounted to procurement of printed forms and their delivery. The Court observed that such printed forms are akin to currency, and 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 the assessee's clients. It was hence held that the issuance of vouchers is similar to a pre-deposit and not a supply of goods or services. It was also held that vouchers are neither goods nor services and therefore cannot be taxed.

7. Mr. Shah submits that apart from the decision of the Karnataka High Court, and considering the settled position of law, the Government issued Circular No. 243/37/2024-GST dated 31 December 2024. The said circular was issued after references were received from the trade and industry as well as field formations seeking clarity on various issues relating to vouchers, more particularly whether transactions in vouchers constitute supply of goods and/or services,

¹ 2016 (331) E.L.T. 23 (S.C.)

whether GST is leviable on trading of vouchers by distributors/sub-distributors, and whether unredeemed vouchers (breakage) are taxable. In view of the difficulties faced by trade and industry, and in order to ensure uniformity in the implementation of the provisions of law across field formations, the Board, in exercise of its powers under Section 168(1) of the CGST Act, 2017 issued the said clarification. The relevant paragraph in the said circular is paragraph 3.7, wherein the Board clarified that irrespective of whether a voucher is covered as a prepaid instrument recognized by RBI or not, a voucher is just an instrument which creates an obligation on the supplier to accept it as consideration or part consideration and accordingly, transactions in vouchers themselves cannot be considered either as a supply of goods or as a supply of services. It was further clarified that the supply of underlying goods and/or services, for which vouchers are used as consideration or part consideration, may be taxable under GST. As rightly pointed out on behalf of the Revenue, paragraph 4.3 of the said circular clarifies that where vouchers are distributed through distributors/sub-distributors/agents on a commission/fee basis, such distributors/sub-distributors/agents do not operate autonomously, do not own the vouchers and only act as agent of the voucher issuer. In such cases, GST would be payable by such distributor/sub-distributor/agent, acting as an agent of the voucher issuer, “*on the commission/fee*” or any other amount by whatever name called, for such purpose, as a supply of services to the voucher issuer. There is also a further clarification in paragraph 5.1 in relation to additional services such as advertisement, etc. which provides that where such services are supplied, the service fee/service

charge/affiliate charge or any other amount charged for the supply of such additional services to the voucher issuer, as per the terms of the contract or agreement, would be liable to GST at the applicable rate in the hands of the said service provider. The relevant paragraphs of the circular are required to be noted which read thus:-

“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.

Issue 2 -What would be the GST treatment of transactions in vouchers by distributors/sub-distributors/agents etc.?

4.3 Where vouchers are distributed using distributors/sub-distributors/agents commission/fee basis: In such cases, the transactions between the voucher issuer and the distributors/sub-distributors/agents are on principal-agency basis. These arrangements, as per contract/agreement between distributor/sub-distributor/agents and the voucher issuer may specify a set of obligations on such agents such as marketing & promotion and other related support activities for distribution of vouchers against a commission/fee or any other amount by whatever name called, for such purpose. In such cases, distributors/sub-distributors/agents do not operate autonomously, do not own the vouchers and only act as agent of the voucher issuer. In such cases, GST would be payable by such distributor/sub-distributor/agent, acting as an agent of the voucher issuer, on the commission/fee or any other amount by whatever(name called, for such purpose, as a supply of services to the voucher issuer.

Issue 3 -What would be GST treatment of additional services such as advertisement, co-branding, marketing & promotion, customization services, technology support services, customer support services etc.

5.1 There may be cases where additional services such as advertisement, co-branding, customization services, technology support services, customer support services, etc. are provided by either the distributor/sub-distributor or by another person to the voucher issuer against a service fee/service charge/affiliate charge or any other amount, by whatever name called, as per contract/agreement between such service provider and the service recipient (voucher issuer). In such a case, the said service fee/service charge/affiliate charge or other amount for supply of such additional services to the voucher issuer as per the terms of

contract/agreement, would be liable to GST at the applicable rate in the hands of the said service provider.”

8. Mr. Shah would next submit that, considering the provisions of the aforesaid circular, the approach of respondent no.2 would not be correct, particularly when the following observations have been made in the impugned order-in-original so as to tax the turnover:-

“7.8 Difference in P&L and GST Turnover:

(i) The noticee has contended that the difference is due to voucher sale and purchase and requested that the same is not leviable under GST.

(ii) In this regard, I find that the sale and purchase of vouchers are falls under the scope of supply as prescribed in Section 7 of CGST Act, 2017. Further, I find that the noticee has not submitted any valid supporting documents or any other substantial details, under which it can be established that GST is not leviable on their sale and purchase of vouchers. Further, the noticee has not submitted any documentary evidence (Vouchers Sale / Purchase Ledgers and Invoice copies) regarding difference of their turnover in P&L and GST returns actually pertains to the voucher sale or some other reasons. In absence of supporting documentary evidences, I do not find any merit in the noticee's claim and hold that the noticee's contention cannot be accepted. Hence, I hold that the noticee is required to pay the GST amounting to Rs. 12,66,19,880/- for the period F.Y. 2017-18 to 2019-20.”

9. In such context, there is much substance in the submissions of Mr. Shah that the aforesaid observations made in the impugned order-in-original, do not appear to be in consonance with what has been provided for in the circular dated 31 December 2024 and the position in law as discussed hereinabove.

10. *Prima facie*, it appears that insofar as the petitioner is concerned, who is receiving commission in dealing with vouchers, such commission/fees alone would be liable to GST and not the entire turnover. Thus, considering the position in law as clarified in the said circular, in our opinion, it would be

appropriate that the issue, to that extent needs to be examined afresh by respondent no.2.

11. There is another significant aspect which has been pointed out to us by Mr. Shah, that the amendment brought about to Section 12 of the CGST Act by the Finance Act, 2025, (notified on 17 September 2025) sub-section (4) of Section 12 has now been deleted. Section 12 provides for the 'time of supply of goods' and in such context, sub-section (4) as it earlier stood, provided as follows in regard to the supply of vouchers:-

“(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.”

12. In this view of the matter, the impugned order-in-original dated 26 December 2023, to the extent of the operative portion noted hereinabove confirming the demand of Rs. 12,66,19,880/-, needs to be quashed and set aside, and the proceedings to such extent need to be remanded to respondent no.2, for a denovo consideration, for an appropriate order to be passed in accordance with law, after granting an opportunity of hearing to the petitioner.

13. We permit the petitioner to file an additional reply with respondent No.2 within a period of 10 days from today.

14. Respondent no.2 shall fix a convenient date for hearing within a period of 15 days from today and make an endeavour to pass an order within a period of

four weeks from the date of hearing. All contentions of the parties in that regard are expressly kept open.

15. It is clarified that, insofar as the other aspects of the impugned order are concerned, all contentions of the parties are expressly kept open, including the contention of the petitioner to assail that portion of the order in an appropriate appeal. If such appeal is filed within a period of four weeks, the same shall be decided without objection on the ground of limitation, as the petitioner has been bona fide pursuing the present petition.

16. Writ Petition is disposed of in the aforesaid terms. No costs.

(AARTI SATHE, J.)

(G. S. KULKARNI, J.)