

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

**Advance Ruling No. KAR ADRG 38/2024  
Date : 04-11-2024**

Present:

**1. Sri. Kiran Reddy T**

Additional Commissioner of Customs & Indirect Taxes . . . .Member (Central)

**2. Sri. Prathap Kumar S**

Additional Commissioner of Commercial Taxes . . . . Member (State)

1.	Name and address of the applicant	M/s. Uber India Systems Private Limited, 2 <sup>nd</sup> Floor, 77, Survey No.124/2, Prabhas Legacy, Murugeshpalya, H.A.L. Post, N.A.L. Wind tunnel Road, Bengaluru - 560 017.
2.	GSTIN or User ID	29AABCU6223H2Z9
3.	Date of filing of Form GST ARA-01	12-01-2024
4.	Represented by	Sri. Onkar Sharma, Advocate & Authorised Representative
5.	<b>Jurisdictional Authority - Centre</b>	The Commissioner of Central Tax, Bangalore East Commissionerate, Domluru, Bengaluru.
6.	Jurisdictional Authority - State	ACCT, LGSTO-46, Bengaluru.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act & Rs.5,000/- under KGST Act through debit from Electronic Cash Ledger vide reference No. DC2901240022087 dated 05.01.2024.

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

M/s. Uber India Systems Private Limited (herein after referred to as 'Applicant'), 2<sup>nd</sup> Floor, 77, Survey No.124/2, Prabhas Legacy, Murugeshpalya, H.A.L. Post, N.A.L. Wind tunnel Road, Bengaluru - 560 017, having GSTIN 29AABCU6223H2Z9, 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, KGST Act.

2. The applicant submitted that they propose to enter into a new business model where they would be engaged in providing technology services by providing an online platform to drivers for merely connection with the riders.

3. In view of the above, the applicant has sought advance ruling in respect of the following questions:

a. *Whether the Applicant satisfies the definition of an e-commerce operator and the nature of supply as conceptualized in Section 9(5) of CGST Act, 2017 read with notification No.17/2017 dated 28.06.2017?*

b. *Whether the Applicant is liable to collect and pay GST on the supply of services supplied by the drivers/service provider (person who has subscribed to online Uber platform in relation to proposed business model) to their customers (person who has subscribed to online Uber platform) identified on the Uber's platform) under the proposed business model?*

4. **Admissibility of the Application** : The advance rulings are sought by the applicant on the questions, at para 3 supra, in respect of the issues of (i) applicability of a notification issued under the provisions of the CGST/KGST Act 2017, (ii) determination of the liability to pay tax on any goods or services or both and (iii) 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, which are covered under Section 97(2)(b), 97(2)(e) & 97(2)(g) respectively and hence the application is admissible under Section 97(2)(b), 97(2)(e) & 97(2)(g) of the CGST/KGST Act 2017.

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

5.1 The Applicant proposes to enter into a new business model wherein technology services would be provided by them for connecting suppliers of passenger transportation services by drivers with the riders/ recipients/users, on the company's platform; all the facts and legal understanding in the application is limited to the proposed business model only and there is no link to the other businesses that they currently operate in the state of Karnataka.

5.2 The Applicant shall charge a membership/subscription fee to the person who intends to use their platform to connect with customers and provide them with transportation services (Driver). A Driver must enroll on the applicant's platform by furnishing an application in the prescribed format along with certain specified documents including his/her driving licence, commercial permit, registration certificate of the vehicle etc.,



5.3 The applicant, while providing the characteristics of the proposed model submitted that the platform is created to link consumers desirous of availing transportation services to providers of such transportation services while maintaining a safe digital ecosystem for both parties; the drivers, after making payment of membership fee, if any, become the customer for the new business model and can receive requests from persons who wish to avail passenger transportation services by road from them; riders can provide the start and end location for which they intend to avail passenger transportation services by road, basis which nearby service providers can be identified and selected by the riders themselves; initially the proposed business model shall include auto rickshaws (three wheeled vehicles), the applicant may include drivers for motorcycles (two wheelers) and cars (four wheelers) under this model in the future as well.

5.4 The Applicant further submitted that once the ride is requested by the riders, it is forwarded to the relevant drivers; the drivers may either accept the ride or reject or offer a counter price to the rider for the requested trip; the actual supply of passenger transportation services by road is performed by the driver for the rider; the proposed business model would a service provider's hub wherein the supplier has absolute ownership of their supply; the terms and conditions governing such supply and other aspects such as quality, price etc., are mutually agreed upon by the drivers and riders; the applicant has no rights over the supply of passenger transportation services by drivers to their customers/riders; the proposed model would be commission-free monetisation model i.e. no commission would be charged by the applicant either from the drivers or from the riders on a per ride basis, however the applicant may charge a periodical subscription membership fee from the subscribers/drivers; the applicant does not issue an invoice to the rider for the trip; any disputes between the persons registered for the new business model and the recipients of transportation services, are to be settled between them and the applicant is in no way involved in the dispute resolution process.

5.5 The applicant submitted further that the online platform in the proposed business model is only involved for the limited purpose of identification/connection of drivers and riders and the supply happens independent of the applicant and requested to consider the facts i.e. the applicant has no say/role in determining the quality, price etc., for the service rendered by drivers; the applicant is not involved directly or indirectly in the supply of services by the drivers; the applicant is not in any way concerned with the collection of the consideration from the clients/riders, the riders pay the drivers directly for the transportation service through cash or digital payments via UPI or digital wallets and the applicant doesn't facilitate any collection / payment services for the drivers/riders; the digital platform of the applicant provides an estimated fare basis the distance between start and end location as provided by the rider, as required. However, the applicant does not have any control and / or rights over the final determination of actual fare and the actual fare paid by the rider to the driver; the applicant is in no way responsible for the resolution of any disputes between the driver and rider.



5.6 The applicant further submitted that for the purposes of the CGST, KGST and IGST Acts, the taxable supplies affected by the applicant are limited to providing a software and / or technology platform and in return collection of “registration/ periodical subscription/ membership fee (if any)” from subscribers of the proposed business model; the transaction between the subscribers/drivers and riders/passengers takes place directly between the driver and riders, and there is no involvement of the applicant in either arranging for supply of services from the persons registered for the new business model or arranging for collection of any consideration or any other form of agreed means of payment from the buyers to the drivers; the online platform is only involved for the limited purpose of identification / connection of drivers and riders.

**6. Applicant’s Interpretation of Law:** The applicant furnishes their interpretation of law and / or facts, in respect of the questions on which advance ruling has been sought, inter alia stating as under:

6.1 The Applicant, from the nature of transactions involved, is of the opinion that output GST at 18% is payable by the Applicant only on the membership fee collected (if any) from the subscribers who are availing the services of the Applicant’s online technology platform to provide services on their own under Section 9(1) of the CGST/ KGST Act 2017 and Section 5(1) of the IGST Act 2017 read with Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017.

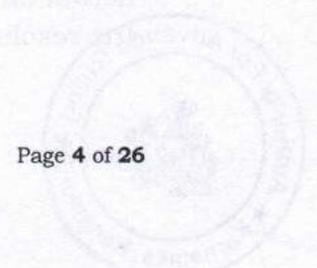
6.2 The Applicant, in no way, is liable for tax on the transactions that takes place between these individuals/ subscribers/ registered persons (service provider) and their customers. Also, the terms ‘Supplier’ has been defined under the provisions of GST act to be *“the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied;”*

6.3 In view of the above definition as laid down under the CGST Act, “supplier” means the person actually supplying the services. In the present case, the Applicant proposes to supply technology services by way of offering its platform to its subscribers/ drivers to connect with the riders. Since the technology services are provided by the Applicant, the Applicant would be treated as “supplier” for the purpose of technology services. However, the passenger transportation services by road would be supplied by the subscribers registered on the proposed platform directly to the riders/ customers. Accordingly, for the passenger transportation services, drivers registered on the proposed platform would be considered as the “supplier”.

**Applicability of Section 9(5) on the Applicant**

6.4 At the outset, we would like to provide a reference of relevant clauses of Driver’s Terms and consideration as below:

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### **3. OBLIGATIONS OF DRIVER**

1. *The Driver must be at least 18 years of age, or the age of legal majority as per Indian Contract Act, 1872, to be able to provide Driver Services.*
2. *The Driver shall ensure registration of the Vehicle at all times and shall hold and keep updated, renewed all licenses, insurance and permits necessary for the use of the Vehicle on the Platform.*
3. *The Driver shall at all times operate the vehicle which is registered with the Company's platform for provisioning Driver Services.*
4. *The Driver shall not undertake any unlawful or illegal activity while performing Services.*
5. *The Driver shall not allow unauthorized persons to drive the Vehicle and shall ensure that the Vehicle is not in an unsafe condition.*
6. *The Driver shall immediately bring to the notice of Uber any deviation from the provision of the Driver Services as required under the terms of these Terms of Service, including but not limited to any accidents, damage to life or property.*
7. *The Driver shall ensure that insurance including without limitation third party insurance of Vehicles and such other insurance as may be required by Applicable Law is obtained and always maintained, and the Customer and/or Uber shall not be liable for taking insurance or paying premium thereof in respect of the Vehicle or any liability arising out of plying of such Vehicle.*
8. *The Driver shall ensure and confirm that he understands the language of the Driver App and shall ensure that he/she chooses the best language known to him amongst the options displayed on the Driver App.*
9. *The Driver will have a functioning mobile number and also have the ability to read text messages sent by Uber, regarding the Customer details and to convey Customer feedback.*
10. *The Vehicle shall be the sole responsibility of the Drivers and the Driver shall be liable or responsible for any loss or damage to the Vehicle caused by a Customer or any other third party for any reason whatsoever.*
11. *The Driver shall not drive rashly, shall follow traffic regulations and all Applicable Laws during the performance of the Driver Services, not consume liquor / cigarette / bidi, or any other kind of intoxicant while performing the Driver Service/(s) and shall always have and hold a valid driving license and registration/insurance papers for the Vehicle. Driver shall take all calls from the Customer and Uber only after stopping the Vehicle at an appropriate location to take the call, without being a hindrance to the traffic around him or without violating any traffic rules.*
12. *The Driver shall be solely responsible and liable for:*



- any failure to complete a Service Request accepted by the Driver;
- any failure to pick up Customer(s) at the allotted time and/or place;
- any act or omission on the part of its Drivers including any rash and negligent driving, verbal, physical or harassment of any nature;
- any violation or non-adherence to the Applicable Law by the Driver;
- any physical and/or mortal danger caused to the Customers whilst using or in connection with the Driver Service;
- charging excess amounts from the Customer over and above the total Fare.

1. The Driver hereby agrees that Uber shall not be responsible in any manner for any dispute with the Customers regarding the Vehicle. Uber may, in its sole discretion, immediately terminate the Account of the Driver, by providing a notice to Driver to this effect.

2. In relation to the Driver App, the Driver agrees to not authorize any other person to use his Account on the Driver App or authorize others to drive the Vehicle for any Service Request;

3. The Driver shall not copy or distribute any content on the Driver App without written permission from the Company.

#### **4. PAYMENT**

1. The Company has the discretion to charge any such subscription/ membership fees from the Driver as updated on the Platform from time to time.

2. The Driver shall charge such Fare from the Customer as mutually agreed with the Customer.

#### **11. RELATIONSHIP BETWEEN THE PARTIES**

The Driver shall operate as and have the status of an independent contractor. The relationship between the Company and the Driver is on a principal-to-principal basis and nothing in these Terms of Service will be construed to create a partnership, joint venture, an association of persons, agency (disclosed or undisclosed), franchise, sales representative, or employment relationship between the Company and the Driver. It is clarified that the Driver will not have any right to conclude any contract for and / or on the behalf of the Company. The Driver shall not be deemed for any purpose to be an employee of Uber or any of its Affiliates. Uber shall not be responsible to the Driver or any governing body for any payroll-related taxes related to the performance of Driver Services hereunder, including but not limited to withholding or other taxes related to central or state income tax, social security benefits or unemployment compensation.”

Copy of the Driver’s Terms were also enclosed with the application.



6.5 The Applicant, quoting Section 9(5) of the CGTST Act 2017, stated that they believe that the Company is not liable to discharge any GST under Section 9(5) of CGST Act 2017 as the said Section 9(5) of CGST Act, read with Notification No. 17/2017 – Central tax dated 28 June 2017, Notification No 23/2017 – Central Tax dated 22 August 2017 and Notification No 17/2021 – Central Tax dated 18 November 2021 provides for certain specified category of services, which when provided through the ECO, would be taxable in the hands of ECO.

6.6 The conditions required to be satisfied in order to attract levy under Section 9(5) of CGST Act are as below:-

- a) There exists an **Electronic Commerce operator.**
- b) The services by the supplier are covered in the **notified services.**
- c) The services by the supplier to the consumer are supplied **through** the electronic commerce operator.

The above conditions once satisfied will result in the levy of GST in the hands of ECO and all the provisions shall apply to such ECO as if he is the supplier liable for paying GST in relation to supply of such services.

6.7 In view of first condition, the Applicant would like to mention that the term 'electronic commerce' has been defined under Section 2(44) as below:-

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

Further, the term 'electronic commerce operator' has been defined under Section 2(45) as below:-

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

As per the above definitions, ECO shall mean the person who either owns or operates or manages a digital platform which is for the purpose of electronic commerce. Further, electronic commerce specifically means any supply over digital network.

6.8 In the proposed model, the Applicant would provide technology services in the form of provision of digital platform which would be operated and managed by the Applicant. The digital platform would help suppliers/ drivers to connect with the riders/ customers for the supply of passenger transportation services which would be independently supplied by the drivers without any involvement of the digital platform or the Applicant.

6.9 Considering that the Applicant is operating and managing the digital platform for supply of passenger transportation services, the Applicant would be termed as an E-commerce operator as per the definition of said term provided under GST law. Also, reference is drawn from the advance ruling pronounced by



the Hon'ble Karnataka Authority of Advance Ruling ('Your Hon'ble Bench') in the matter of M/s Multi-Verse Technologies Private Limited (KAR ADRG 36/2022, dated 27th October 2022) and M/s JusPay Technologies Private Limited (2023-VIL-187-AAR), wherein on similar facts, the applicants in these rulings were held to be an E-commerce operator.

Applying the principle enumerated above in the instant case, assuming that the Applicant qualifies to be an E-commerce operator, it would be relevant to analyse whether other conditions as specified therein are fulfilled or not.

6.10 The 'services by way of transportation of passengers by a radio-taxi, motor cab, maxi cab, motorcycle, or any other motor vehicle except omnibus (where person supplying such service is a Company)' are notified to be one of such services on which GST shall be paid by ECO in terms of Section 9(5) of CGST Act read with Section 5(5) of the IGST Act. Accordingly, the second condition in the proposed model also stands satisfied.

6.11 With respect to the third condition i.e., whether notified services are supplied **through** ECO or not for the proposed business model, the Applicant believes that the services of passenger transportation are not provided "through" the platform of the Applicant, but the said platform is only a means of connecting the supplier and the recipient. Detailed discussion in this regard is hereby provided in the ensuing paragraphs.

6.12 It is to be noted that the term "through" is not defined under the GST provisions. As per the dictionary meaning, the word 'through' has been defined to indicate 'means/ agent/intermediary' and also as a function to denote 'from beginning to the end'. As per the law lexicon dictionary also, it has been explained that the word 'through' always means from end to end or from side to side, but frequently means simply within.

Further, taking reference from 'Merriam Webster dictionary', the word 'through' in Section 9(5) of CGST Act, gives the meaning that 'services are to be supplied by means of/ by the agency of / from beginning to the end / during the entire period by e-commerce operator.'

6.13 Moreover, the Applicant is only involved in connecting the supplier of services and consumer of the services with no further involvement (like a Just dial, yellow pages or business linking services). The passenger transportation services in the present case, happens independent of the Applicant and the Applicant is involved only in the identification of the supplier of services and does not take responsibility for the operational and completion of the ride. Accordingly, the Applicant does not fulfil the conditions stipulated in Section 9(5) of the CGST Act 2017, which is "supply of services through the e-commerce platform", as no portion of supply of services is under the control of the Applicant. Given the Proposed business model of the Applicant, its role is merely connecting the driver and



passenger, therefore, section 9(5) of CGST Act cannot be made applicable in the present case.

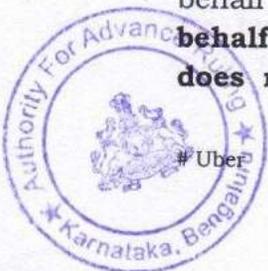
Further, the Applicant cannot control the fare of the ride and the collection associated with completion of the ride. Thus, the Applicant cannot be held liable to collect and pay the tax as specified in Section 9(5) of the CGST Act 2017 read with Notification No. 17/2017-Central Tax (Rate). The Applicant pleads helplessness in the instant case this condition can't be honoured as the Applicant has no control over the actual fare paid to the supplier and consequently, the Applicant cannot collect and pay tax on behalf of the supplier.

6.14 In addition to the above mentioned discussions, the Applicant would also like to submit the following fact pattern adopted by the Applicant in the proposed business model:-

- a) The Applicant only provides technology services to the drivers through a computer application. This allows the passenger/ rider to identify the nearby drivers to take the ride.
- b) The fare is mutually agreed by the driver and rider and the method of its collection is not known to the Applicant
- c) The Applicant does not have a call centre/ control room
- d) The fare is not collected **through** the Applicant
- e) The Applicant is not responsible to the supplier for non-receipt of the consideration for the supply.
- f) The Applicant is not responsible to the consumer for deficiency on the part of the supplier in rendering of the services.
- g) The Applicant does not issue any invoice to the passenger/ rider for the services provided by the Subscriber/ driver.
- h) The supply happens independent of the Applicant and the Applicant is involved only in the identification of the supplier of services and doesn't take responsibility for the operational and completion of the ride.

In view of these facts, the Applicant believes that it does not fall under the aspect of providing services "through" their platform as notified under Section 9(5) of the CGST Act. Accordingly, the third condition for the applicability of levy under Section 9(5) of CGST Act cannot be said to be fulfilled.

6.15 Moreover, Section 9(5) of CGST Act, does not contemplate or envisage a non-interfering and commission free business adopted by the Applicant in the Proposed Business model. It is applicable to a business model which collects payment on behalf of the supplier. **As the Applicant has not collected any payment on behalf of the supplier, the question of collecting tax on behalf of the supplier does not arise.** Hence, the Applicant would not be liable for the GST on the



transactions carried on by the supplier with their customers. Moreover, the Driver directly raises their invoice to their customer and the customer pays directly to the Driver which rules out any possibility on the part of the Applicant to pay the taxes of the supplier.

**Reference can also be drawn from other Advance Rulings issued on similar facts**

6.16 We would like to draw reference from the ruling held by Your Hon'ble Bench in case of other assesseees involving similar business transactions.

a) In the case of **M/s Multi-Verse Technologies Private Limited** (Advance Ruling No. KAR ADRG 36/2022) Your Hon'ble Bench has been kind enough to decide positively on similar grounds as proposed currently by the Applicant:

- i. *In the matter of Question No. 1 of Annexure -1, the Hon'ble authority adjudged that 'the Applicant satisfies the definition of an e-commerce operator but does not satisfy the conditions of Section 9(5) of the CGST Act, 2017 read with Notification No. 17/2017 dated 28.06.2017, for the discharge of tax liability by electronic commerce operator.*
- ii. *In the matter of Question No. 2 of Annexure -1, the Hon'ble authority adjudged that 'the supply by service provider (person who has subscribed to Applicant's app) to his customers (who also have subscribed to Applicant's app) on the Applicant's computer application does not amounts to supply by the Applicant.*
- iii. *In the matter of Question No. 3 of Annexure -1, the Hon'ble authority adjudged that 'the Applicant is not liable to collect and pay GST on the supply of goods or services supplied by the service provider (person who has subscribed to Applicant's app) to his customers (who also have subscribed to Applicant's app) on the Applicant's computer application.*

b) Further, in the case of **M/s Juspay Technologies Private Limited** (Advance Ruling No. KAR ADRG 31/2023) also, Your Hon'ble Bench has issued a similar ruling on similar facts.

c) In view of the above discussions, since the facts and grounds as presented by the Applicant in the case of the above advance rulings are similar to the facts and grounds adopted by the Applicant, emphasis should be laid on the findings and discussions as derived by Your Hon'ble Bench from above-mentioned rulings in deciding the current application.

Copies of the aforementioned advance rulings is collectively enclosed and marked as **Enclosure 2**.

6.17 In the light of the terms and conditions in "Driver's Terms and Conditions" and the facts narrated and explained as above, it is our bona fide belief and understanding that the Applicant's liability to pay GST is limited to payment of tax



at the rate of 18% under Section 9(1) of CGST and KGST Acts and Section 5(1) of the IGST Act, read with Notification No. 11/2017-Central Tax (Rate) dated 28.6.2017 issued under the CGST Act and similar/identical notification issued under Section 9(1) of the Karnataka SGST Act and Notification No. 8/2017-Integrated Tax (Rate) dated 28.6.2017, on the consideration received/ receivable of "registration fee/ periodical subscription" that the Applicant collects from the subscribers of their proposed business model and nothing more.

6.18 It is also the understanding and bona fide belief of the Applicant that, the Applicant is not liable to pay tax under Section 9(5) of the CGST and SGST Acts and Section 5(5) of the IGST Act, read with Notifications Nos. 17/2017-Central Tax (Rate) dated 28.6.2017 issued under the CGST Act and similar/identical notification issued under Section 9(5) of the Karnataka SGST Act and 14/2017-Integrated Tax (Rate) dated 28.6.2017, respectively.

6.19 As per the provisions of Section 9(1) of the CGST and SGST Acts and Section 5(1) of the IGST Act, which are principal charging provisions of the Act, the liability to pay tax on "outward" taxable supplies of services, as the case may be, is on the "supplier". In the present matter of the Applicant, it is not in dispute that insofar as taxable supplies affected by the subscribers of the proposed business model of the Applicant to their customers by using the Applicant's platform, the "suppliers" for the purposes of the CGST, SGST & IGST Acts are the subscribers and not the Applicant. Therefore, the liability to pay tax on the value of all such supplies is on the respective suppliers and certainly not on the Applicant.

6.20 Further, harmonious reading of the definitions of the expressions "electronic commerce" and "electronic commerce operator" provided under GST law and Section 9(5) of the CGST/SGST Acts, and 5(5) of the IGST Act, it is the Applicant's belief that the said provisions and the notifications issued thereunder, shall have applicability only to the ECOs who supply goods and/or services or both on their own account or on account of others with the aid of the digital/ technology platform further directly or indirectly entering into contract for supply, storing/ warehousing, packing, delivery of goods, collection of consideration, etc.

6.21 Considering the facts of proposed model, it is the belief of the Applicant that the questions as enquired regarding the new proposed business of the Applicant shall be considered in favour of the Applicant considering these facts and the understanding of the law at the end of the Applicant and it is humbly prayed to the Hon'ble Authority to pass this application on the basis of law and facts.

### **PERSONAL HEARING PROCEEDINGS**

7. Sri. Bipin Sapra, Earnst & Young LLP appeared for personal hearing proceedings, on 23.01.2024, being the Authorised Representative of the applicant and reiterated the facts narrated in their application and sought time to produce service terms and conditions to end customer. The Applicant, vide their letter dated 06.02.2024, furnished the service terms and conditions to end customer



and also furnished the following points on the flow of the Proposed Model and requested to take the same on record.

- a) The Proposed Model would be undertaken on subscription model by the Company wherein complete control over the passenger transportation services would be of the driver.
- b) The driver will be on boarded, after submission of necessary / relevant documents and accepting the Driver Terms and Conditions. The subscription fee/ membership fee will be charged periodically (daily/ monthly/ quarterly) from the driver for provision of technology platform services which connects them with consumers desirous of availing passenger transportation services.
- c) Under the Proposed Model, the riders can provide the start and end location for which they intend to avail passenger transportation services. The nearby drivers are then informed about such request through the technology platform.
- d) A driver may accept the request, post which the rider is informed of the details of the driver. The platform provides a suggested/ estimated fare basis the distance between start and end location as provided by the rider, however, actual fare shall be directly determined and settled independently between rider and driver.
- e) The Applicant has no involvement in the final determination and collection of trip fare. The payment for trip fare is directly made by the rider to the driver.
- f) The actual supply of passenger transportation services by road is performed by the driver to rider, and the Applicant has no rights over the supply of passenger transportation services to riders.
- g) The Applicant does not raise any invoice for the passenger transportation services provided by the driver to rider.
- h) The Applicant is not involved in dispute resolution between the driver and rider.

8. The applicant, vide this office letter dated 30.04.2024, was asked to submit additional information relevant to the issue with regard to the queries raised therein and the reply to the said letter was submitted by the applicant, vide their letter dated 31.05.2024, inter alia stating as under:

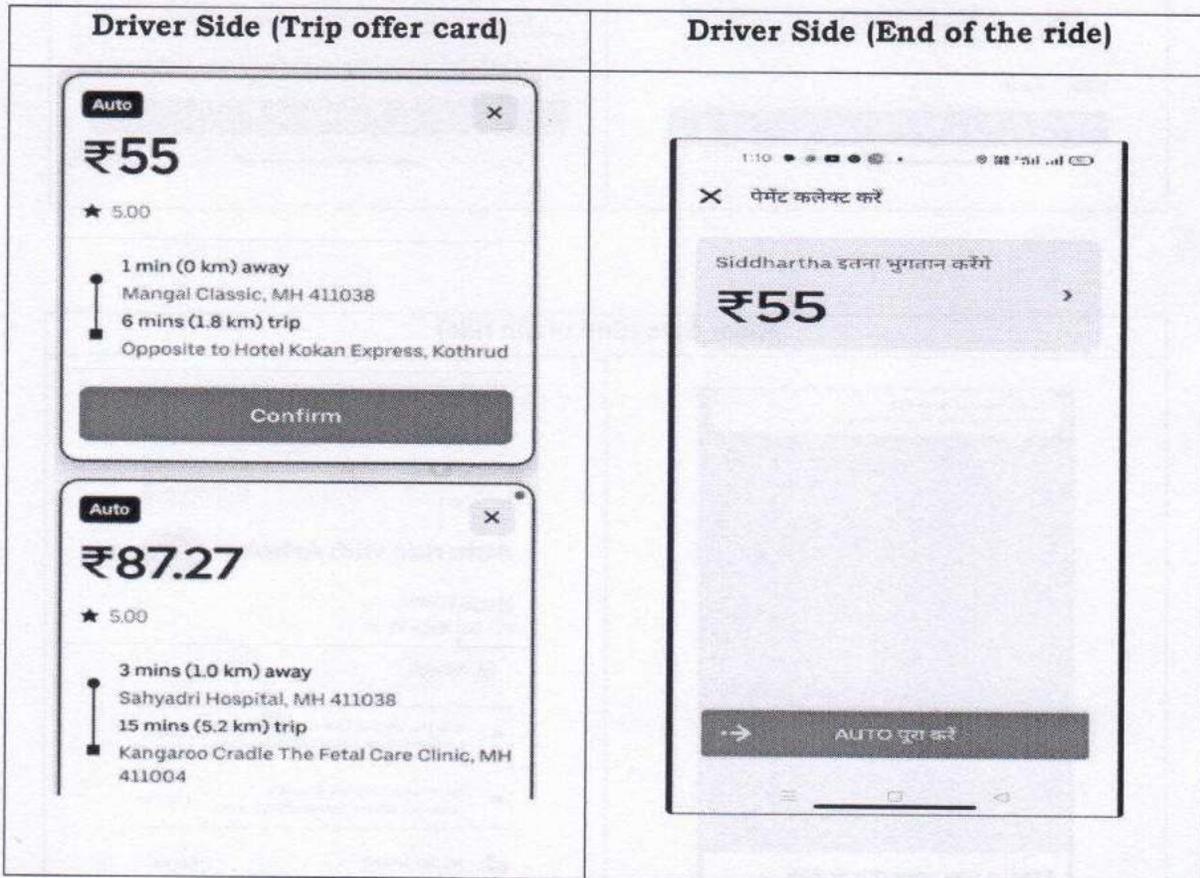
**Query 1:** *It is observed from Annexure - I to the application, under para 7, that the drivers may either accept the ride or reject or offer a counter price to the rider for the requested trip. Further, under para 8, it is mentioned that the digital platform of the applicant provides an estimated fare basis the distance between start and end location as provided by the rider, as required. In this regard you are requested to*



furnish the details of the fare shown at the beginning of the ride as well as at the end of the ride along with relevant screenshots.

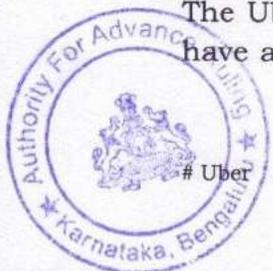
**Response:** It is submitted that, under the new business model, the Uber app allows the driver to either accept or reject the trips requested by the riders on the Uber app. The Uber app provides an estimated fare based on different factors. In the new business model, the fare displayed to the rider is only the estimated fare as suggested by the Uber app. The trip details are sent to the driver, and the driver and rider are free to negotiate a different fare that may be lower or higher to the initial fare without any involvement of the Applicant.

In this regard, sample screenshots of the trip offer cards displayed to the driver and rider under the new business model at the beginning and end of the trip are enclosed below.

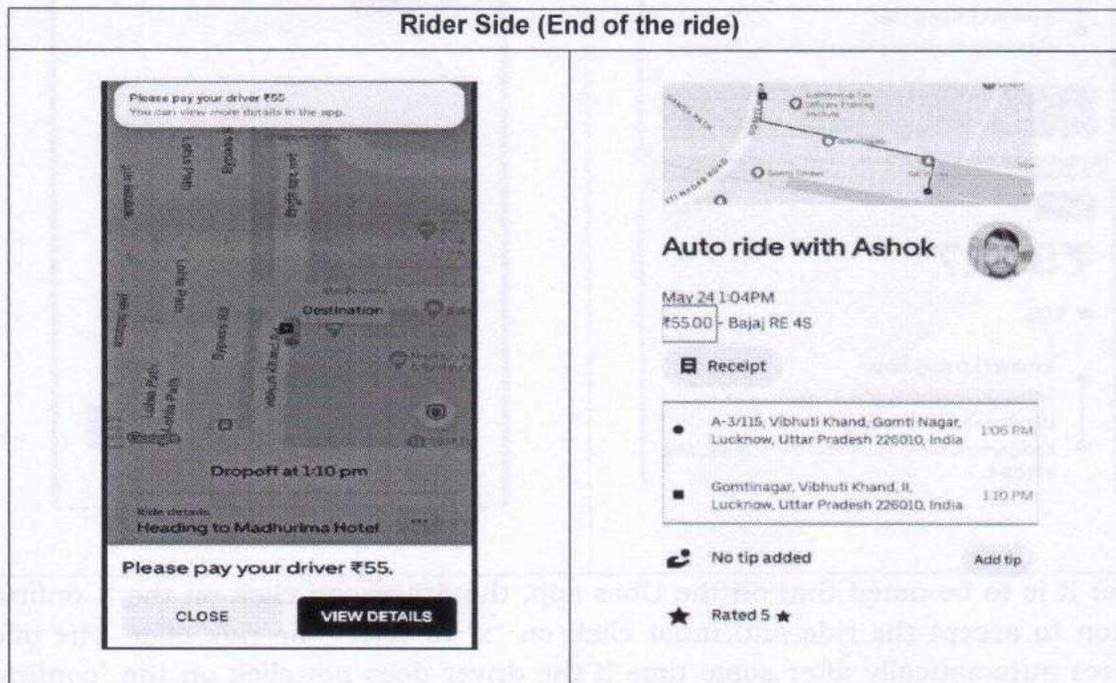
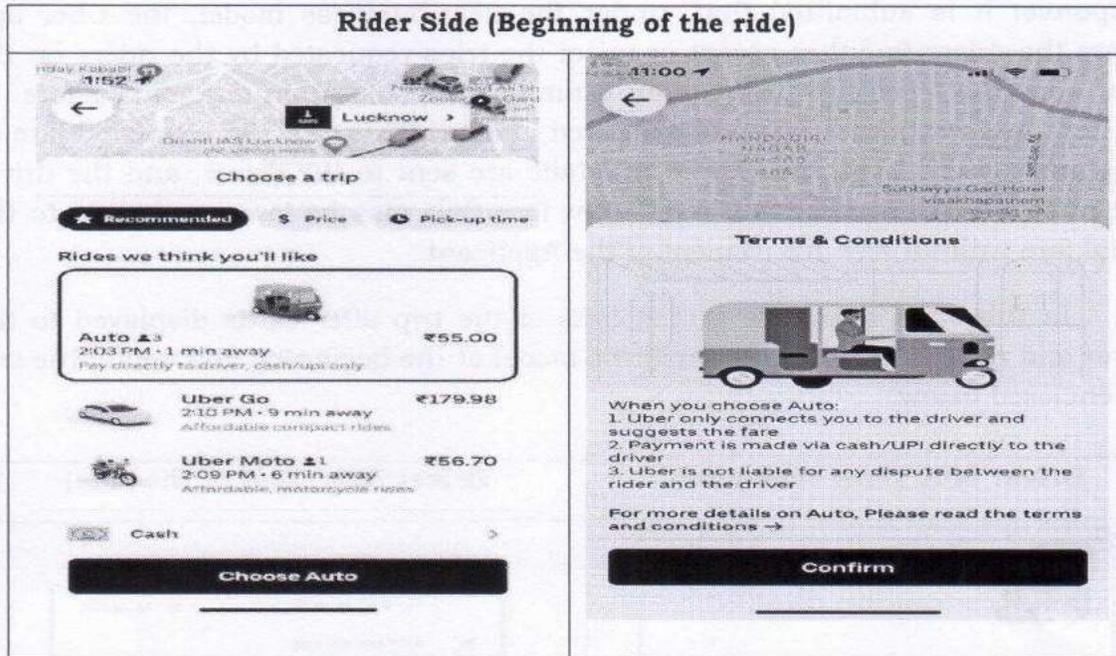


**Note:** It is to be noted that on the Uber app, the driver can click on the “Confirm” button to accept the ride and must click on “x” to reject the ride offer. The offer expires automatically after some time if the driver does not click on the “confirm” button. It may be noted that the driver receives multiple offers from different riders on the Uber app. In the attached screenshot, the driver has received 2 offers from 2 different riders. The driver can accept either of the trips or reject both the trips. In this example, the driver had selected the 1st trip shown above.

The Uber app merely provides an estimated fare. However, the Applicant does not have any control and/ or rights over the final determination of actual fare and the



actual fare paid by the rider to the driver. The Uber app has no record of the amount paid by the rider to the driver.

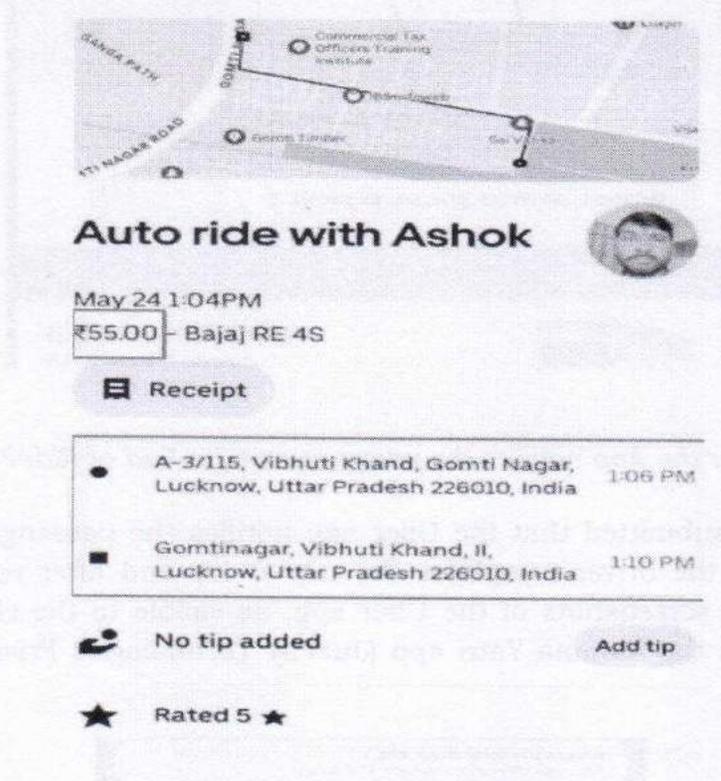


**Query 2:** Whether the details/ data pertains to the ride i.e., start location, destination, fare initially shown, final fare shown on completion of the ride are recorded in the server/ app or not. If so, the relevant screenshots capturing the data may be furnished.



**Response:** As mentioned in the advance ruling application, certain details pertaining to the ride are available on the Uber app such as driver information, vehicle information, suggested fare, trip destination requested by the rider, and the pick-up location chosen by the rider. This information is necessary to help riders and drivers to connect. It may be noted that the Applicant does not have any control and/ or rights either over the supply of passenger transportation services by drivers and on final determination of actual fare. The Applicant is not aware of the actual fare paid by the rider to the driver. The Uber app has no record of the amount paid by the rider to the driver.

Sample screenshots of the Uber app rider screen, as visible to the rider are provided below:



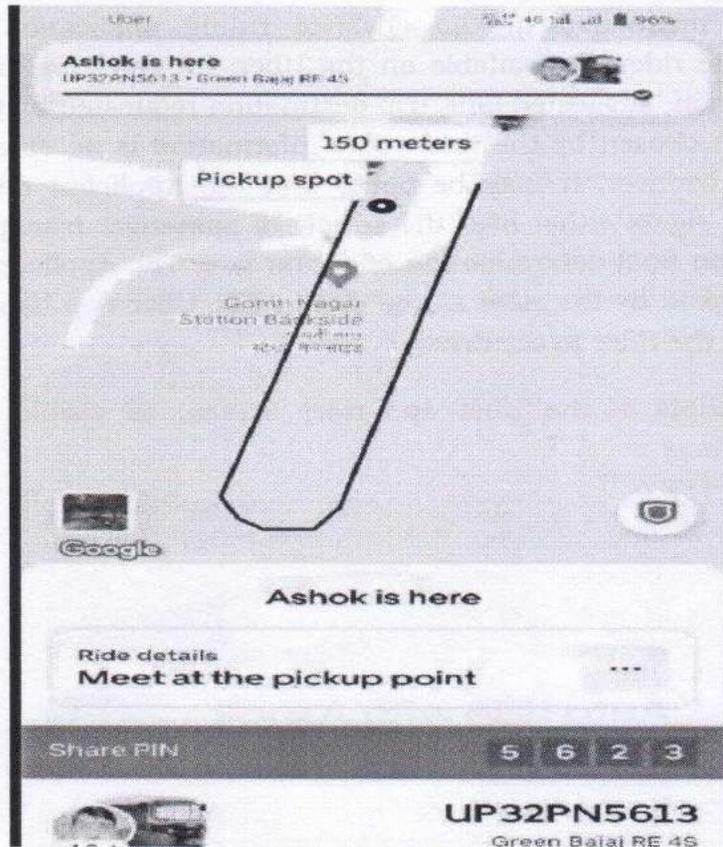
**Query 3:** *Whether the ride is tracked by the app?*

**Response:** As stated in the advance ruling application and in the response to Query 2, certain information that is necessary to provide Uber's services such as start location, destination, estimated fare initially calculated, etc., is available in the Uber app.

**Query 4:** *Whether the App notifies the passenger on the arrival of the driver at the start/ pick up location?*

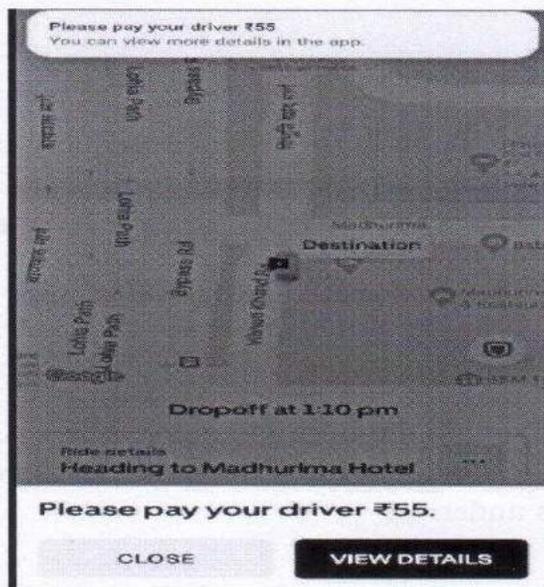
**Response:** It is submitted that the Uber app notifies the passenger on the arrival of the driver at the start/ pick up location. Sample screenshots of the Uber app, as visible to the rider is as under:





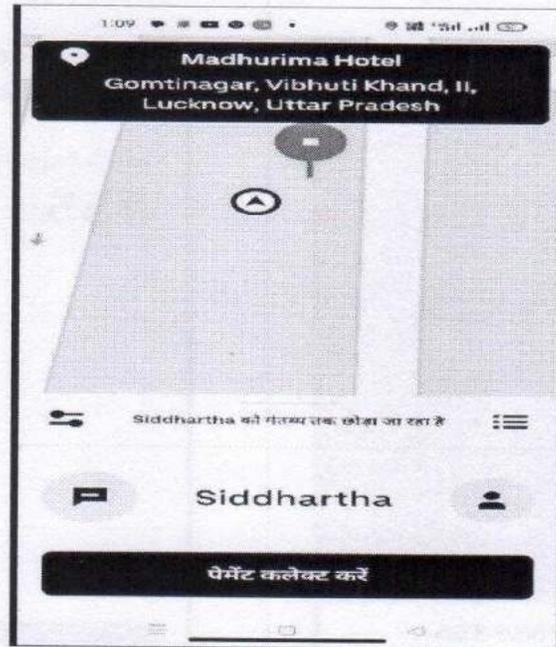
**Query 5:** Whether the App notifies the passenger at the End of Ride?

**Response:** It is submitted that the Uber app notifies the passenger that the ride has ended once the driver completes the trip at his end after reaching the trip location. Sample screenshots of the Uber app, as visible to the rider, along with screenshots from the Namma Yatri app (JusPay Technologies Private Limited) are as follows:



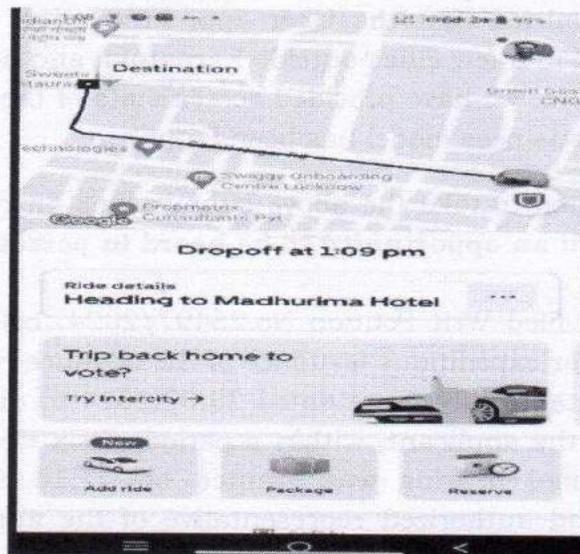
**Query 6:** *Whether App provides the Driver to notify the End of Ride?*

**Response:** It is submitted that the Uber app provides an option to the driver to notify the end of the ride. The driver may, based on mutual agreement with the rider, end the trip based on the specific virtual button on the app. Sample screenshots of the Uber app, as visible to the driver, is as under:



**Query 7:** *During the ride whether the App displays the route to the passenger.*

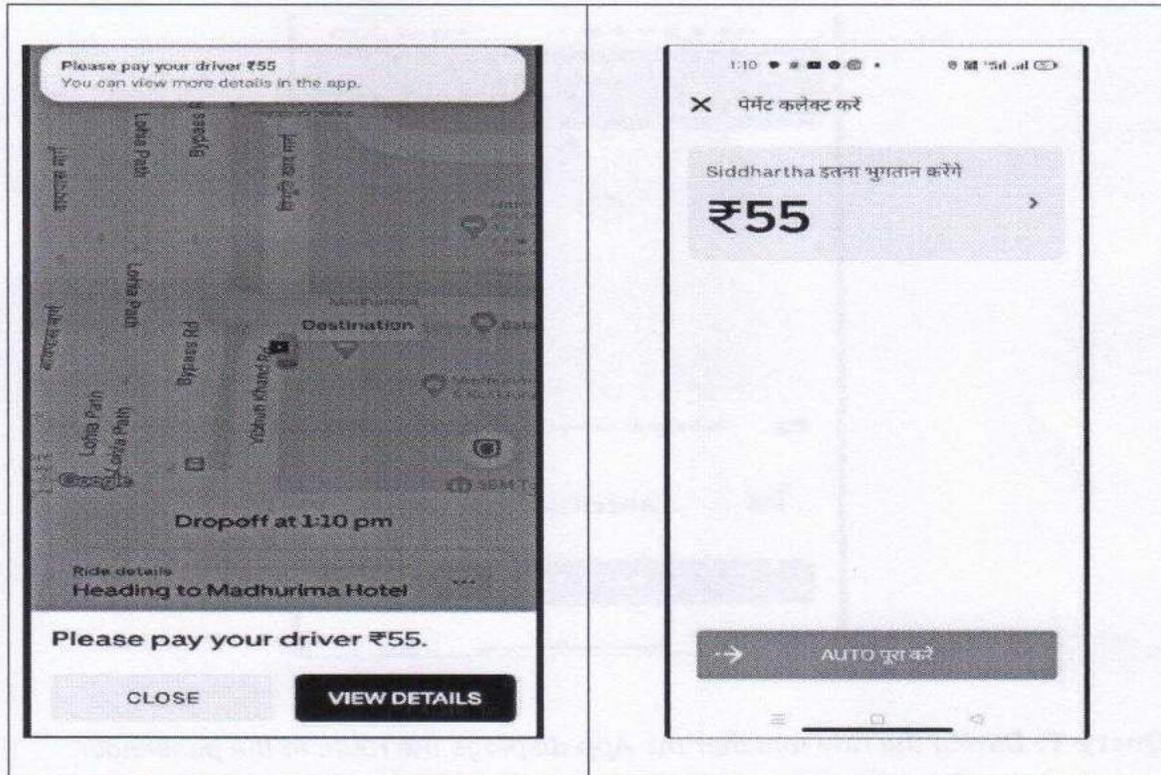
**Response:** It is submitted that the Uber app displays the route to the passenger enroute the trip. This information is shared with the driver and rider for convenience. Sample screenshots of the Uber app, as visible to the rider, is as under:



**Query 8:** Whether on completion of ride the final price is displayed in the App

**Response:** It is submitted that the Uber app notifies the driver and rider regarding the estimated fare to be paid by the rider to the driver in cash/ UPI directly amongst them.

Sample screenshots of the Uber app, as visible to the rider and the driver, is as under:



**Query 9:** If the App is functional, then relevant Screenshots may be shared. If the App is in the development/ planning stage, then it may be stated as to how the above instances are proposed to be addressed.

**Response:** It is submitted that the Uber app, in relation to the new business model, is being tested in a few cities outside Karnataka and has not been launched in Karnataka. Therefore, we have provided screenshots of the Uber app from these cities where the new business model has been launched.

The applicant requested to take the above submissions on record and oblige and also requested to grant **an opportunity to be heard in person.**

8.1 The applicant, filed Writ Petition No.25497/2024, before the Hon'ble High Court of Karnataka, for expeditious issuance of the advance ruling and the Hon'ble High Court issued interim directions dated 25.09.2024 to dispose of the advance ruling application of the applicant, within a period of six weeks. Accordingly, an opportunity of personal hearing was granted on 21.10.2024 and Sri. Onkar Sharma, Advocate and authorized representative of the applicant appeared and reiterated the facts narrated in the application.



## FINDINGS & DISCUSSION

9. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matters and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

10. We have considered the submissions made by the applicant in their application for advance ruling. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts along with the arguments made by the applicant & the submissions made by their learned representative during the time of hearing.

11. The Applicant submitted that they propose to enter into a new business model wherein technology services would be provided, for connecting suppliers (drivers) of passenger transportation services with the riders/ recipients/users, on the company's platform; all the facts and legal understanding in the application is limited to the proposed business model only and there is no link to the other businesses that they currently being operated in the state of Karnataka; they shall charge a membership/subscription fee to the person (Driver), who intends to use their platform to connect with customers and provide them with transportation services; the Driver must enroll on the applicant's platform by furnishing an application in the prescribed format along with certain specified documents including his/her driving licence, commercial permit, registration certificate of the vehicle etc.,

12. The applicant further submitted that the platform in the proposed model is created to link consumers (riders) desirous of availing transportation services to providers (drivers) of such transportation services while maintaining a safe digital ecosystem for both parties; the drivers, after payment of membership fee, if any, become the customer and can receive requests from riders; riders can provide the start and end location, basis which nearby service providers can be identified and selected by the riders themselves; initially the proposed business model shall include auto rickshaws (three wheeled vehicles), the applicant may include drivers for motorcycles (two wheelers) and cars (four wheelers) under this model in the future as well.

13. Further, the Applicant submitted that once the ride is requested by the riders, it is forwarded to the relevant drivers; the drivers may either accept the ride or reject or offer a counter price to the rider for the requested trip; the actual supply of passenger transportation services by road is performed by the driver for the rider; the proposed business model would be a service provider's hub wherein the supplier has absolute ownership of their supply; the terms and conditions governing such supply and other aspects such as quality, price etc., are mutually agreed upon by the drivers and riders; the applicant has no rights over the supply



of passenger transportation services by drivers to their customers/riders; the proposed model would be commission-free monetisation model i.e. no commission would be charged by the applicant either from the drivers or from the riders on a per ride basis, however the applicant may charge a periodical subscription membership fee from the subscribers/drivers; the applicant does not issue an invoice to the rider for the trip; any disputes between drivers and the riders are to be settled between them and the applicant is in no way involved in the dispute resolution process.

14. The applicant further claimed that the supply happens independent of the applicant and the applicant has no say/role in determining the quality, price etc., for the service rendered by drivers; the applicant is not involved directly or indirectly in the supply of services by the drivers; the applicant is not in any way concerned with the collection of the consideration from the clients/riders, the riders pay the drivers directly for the transportation service through cash or digital payments via UPI or digital wallets and the applicant doesn't facilitate any collection / payment services for the drivers/riders; the digital platform of the applicant provides an estimated fare basis the distance between start and end location as provided by the rider, as required. However, the applicant does not have any control and / or rights over the final determination of actual fare and the actual fare paid by the rider to the driver.

15. The applicant further submitted that for the purposes of the CGST/ KGST Acts, the taxable supplies affected by the applicant are limited to providing a software and / or technology platform and in return collection of "registration/ periodical subscription/ membership fee (if any)" from subscribers of the proposed business model; the transaction between the subscribers/drivers and riders/passengers takes place directly between the driver and riders, and there is no involvement of the applicant in either arranging for supply of services from the persons registered for the new business model or arranging for collection of any consideration or any other form of agreed means of payment from the buyers to the drivers; the online platform is only involved for the limited purpose of identification / connection of drivers and riders.

In view of this, the applicant sought advance ruling in respect of the questions mentioned at para 3 supra.

16. The applicant, quoting the definitions of 'electronic commerce' and 'electronic commerce operator' in terms of Sections 2(44) and 2(45) respectively, Section 9(5) of the CGST Act 2017 and Notification No.17/2017-Central Tax (Rate) dated 28.06.2017 and considering that the applicant is operating and managing the digital platform for supply of passenger transportation services, claimed that the applicant would be termed as an E-Commerce Operator as per the definition of the said term. We therefore first examine whether the claim that the applicant qualifies to be an E-Commerce Operator is proper or not. We invite reference to Section 2(44) and 2(45) of the CGST Act 2017, which are as under:



2(44) —*electronic commerce means the supply of goods or services or both, including digital products over digital or electronic network;*

2(45) —*electronic commerce operator means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce;*

It could be inferred from the definitions supra that Electronic Commerce Operator (ECO) means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce i.e. for the supply of goods or services or both, including digital products over digital or electronic network. In the instant case the applicant owns digital platform for the supply of services. Thus, the applicant squarely fits into the definition and qualifies to be an Electronic Commerce Operator.

17. The applicant contends that they are a technology providers; the drivers provide mobility/ride services to the passengers/riders; they neither know about the final fare nor they collect any amount towards consideration of the ride and thus the ride is not through them and thus they are not liable to discharge tax in terms of Section 9(5) of the CGST Act 2017. We therefore proceed to examine the relevant portion of charging section i.e. Section 9(5) of the CGST Act 2017, as under:

#### **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:*

The aforesaid provision stipulates that all the provisions of the CGST Act 2017 shall apply to electronic commerce operator, as if he is the supplier liable for paying the tax in relation to the supply of certain services subject to the following conditions namely:

- a) The categories of the services shall be specified by notification, on the recommendation of the Council, by the Government.
- b) The supply of such specified services shall be intra-state supplies.
- c) The supply of such service is through the electronic commerce operator.

18.1 The Government of India, Vide Notification 17/2017-Central Tax(Rate) dated 28.06.2017, issued under Section 9(5) of the CGST Act, 2017, have notified that tax on intra-state supplies for '(i) services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle;' shall be paid by the electronic commerce operator. Thus the first condition is satisfied as the impugned services are notified.



18.2 Further explanation (b) to the notification supra specifies that “maxicab”, “motorcab”, and “motor cycle” shall have the same meaning as assigned to them respectively in clauses (22), (25) and (26) of Section 2 of the Motor Vehicles Act, 1988. We invite reference to the relevant definitions of “motorcab” / “motor cycle” which are under:

(25) "motorcab" means any motor vehicle constructed or adapted to carry not more than six passengers excluding the driver for hire or reward;

(27) "motor cycle" means a two-wheeled motor vehicle, inclusive of any detachable side-car having an extra wheel, attached to the motor vehicle;

In the instant case, the vehicles intended to be used, for provision of services of transportation of passengers are auto rickshaws (three-wheeler vehicles) and cars (four wheelers) which are motor vehicles adapted to carry maximum four passengers excluding driver and thereby they can carry not more than six passengers excluding the driver and hence they qualify individually to be a “motorcab”. Further the two-wheeler is covered under “motor cycle”.

Thus the second condition is also satisfied in the instant case, in as much as the category of services of Intra-state supplies are notified by the Government covering services by way of transportation of passengers by motor cab / motor cycle.

18.3 Now we proceed to examine the crucial and most important issue i.e. whether the impugned services are supplied through the electronic commerce operator or not. The word “**through**” in Section 9(5) is not defined in the relevant context and hence we proceed to discuss the meaning of the said word/phrase.

18.4 In this regard, we invite reference to Merriam Webster dictionary, in accordance to which the word ‘through’ is used as a function word to indicate means, agency, intermediacy such as by means of, by the agency of etc. The word ‘through’ is also used as a function word to indicate extent, period of time such as during entire period, from the beginning to the end, to and including etc. Thus the word through in the phrase **services supplied through electronic commerce operator**, in Section 9(5) *ibid*, gives the meaning that the services are to be supplied by means of / by the agency of / from beginning to the end /during entire period by e-commerce operator.

19. In view of the above, to examine whether services are provided through the applicant, further information on the intended operations of the applicant was sought through a questionnaire dated 30.04.2024, to which the applicant replied vide letter dated 31.05.2024. From the submissions made in the application and the reply dated 31.05.2024, the following facts are brought out:

(i) The drivers after making payment of membership fees(periodical), will become the customer of the Applicant(Uber).

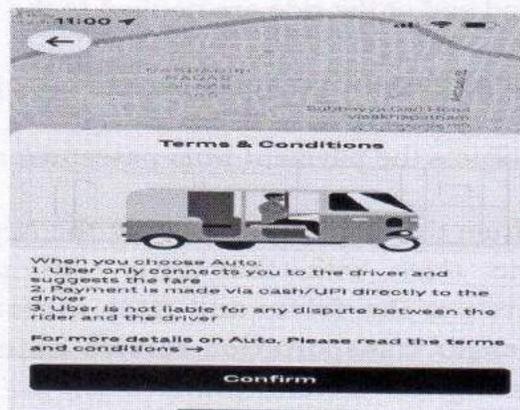


- (ii) The drivers will start receiving requests from the riders (passengers) through the App developed by the applicant, for the passenger transportation services by road.
- (iii) The rider is required to select the beginning and end of the ride in the App. Based on the selection of beginning and end distance, the App displays the fare as below:



Applicant claims that the fare is an estimated fare and not the final fare. However, from the screenshot above, there is no indication that the fare is an estimated fare.

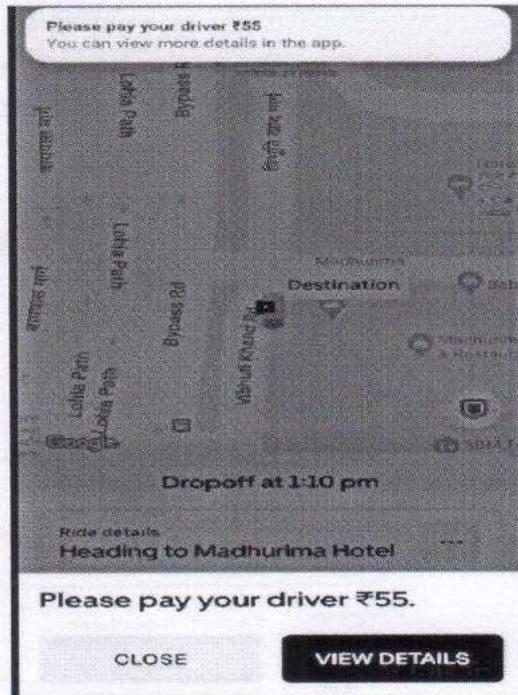
Applicant relies on the Terms & Conditions displayed to rider to infer that the fare is only an estimate / suggested fare, as condition 1 refers “**Uber only connects you to the driver and suggests the fare**”. Relevant screenshot is reproduced below:



- (iv) The Uber App allows the drivers to either accept or reject the trips requested by the rider.



- (v) On completion of ride the App displays how much the rider has to pay to the driver. Relevant screenshot is reproduced:



Applicant(Uber) claims that the amount shown is only estimated, and the rider and driver are free to negotiate a different fare without the involvement of the applicant. That the actual fare paid is not captured by the App.

- (vi) Details pertaining to the ride such as the driver information, vehicle information, suggested fare, trip destination requested by rider, pickup location chosen by rider etc., are available on Uber App.
- (vii) Ride is tracked by the Uber App. The App displays the route to the passenger enroute the trip. This information is also shared by the App to the driver.
- (viii) Beginning and end of the ride are notified to the passenger through the App
- (ix) The App also notifies the arrival of Driver at the pickup location.
- (x) The driver collects the payment from passenger directly.

It is apparent, from the aforesaid facts, that the App (digital platform) does not merely connect the rider with the driver but **provides a platform for communication between the driver and rider without which the contract for providing the passenger transportation service cannot be completed.** The App provides for onboarding the drivers, provides for user interface for drivers and riders, enables selection of start and end point by the rider, calculates and displays a fare. Once ride is confirmed, the location of customer & pick up point is shared by



the App; start of ride, route taken for ride, end of ride are captured and notified to customer by the App. Thus effectively the services of transportation of passenger by the driver is supplied through the Applicant's App/digital platform/portal from beginning to end and also during the entire period of the ride. Thus the third condition that the services are supplied through electronic commerce operator is also satisfied.

20 Applicant contends that the fare displayed is only estimated fare and the actual amount paid is not captured in the App. The facts as brought out in para 19 above indicate otherwise. The fare displayed in the App is fixed based on Start and End point distance and route. As seen from the screenshot, at the end of ride the app displays how much the rider is required to pay to the driver. Thus, the fare is also fixed by the App, and the same forms the basis for effecting the transaction between the rider and driver using the App.

21. The applicant further contends that they are not involved in collection of the consideration pertaining to the ride, on behalf of the driver. The passenger pays the consideration to the driver directly. It is pertinent to mention here that neither the definitions of *electronic commerce* under Section 2(44) or *electronic commerce operator* under Section 2(45) nor the charging Section 9(5) of the CGST Act 2017 stipulates that the e-commerce operator has to collect the consideration. Though the contract is between the driver and the passenger and the service is supplied by the driver to passenger, liability to pay tax is fastened on the electronic commerce operator by way of deeming provision in Section 9(5) i.e, "*..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*". Here the *supply of such service* refers to the supply of services by way of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle; as notified vide Notification 17/2017-Central Tax(Rate) dated 28.06.2017 issued under Section 9(5) of CGST Act, 2017, and supplied through the electronic commerce operator.

22. In view of the foregoing we find that the applicant is squarely covered in the definition of electronic commerce operator and the supply of services by way of transportation of passengers in the proposed commission free monetization model by an auto-rickshaw, radio-taxi, motorcab, maxicab and motor cycle is supplied through them. Further, by virtue of Section 9(5) the applicant is liable to pay tax on the supply of the services of transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle.

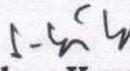
23. Applicant sought to bring attention to various rulings of this authority on the subject issues. In terms of Section 103 of CGST Act, 2017, a ruling is binding only on the applicant and to the facts and circumstances brought out by the applicant before the authority. It is beyond the scope of this Authority to compare and distinguish the facts and circumstances of different cases, especially when facts in the instant case are brought out elaborately and discussed in detail.



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

**RULING**

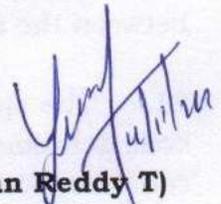
- a. The Applicant satisfies the definition of an e-commerce operator and the nature of supply as conceptualized in Section 9(5) of CGST Act, 2017 read with notification No.17/2017 dated 28.06.2017.
- b. The Applicant is liable to collect and pay GST on the supply of services supplied by the drivers/service provider (person who has subscribed to online Uber platform in relation to proposed business model) to their customers (person who has subscribed to online Uber platform) identified on the Uber's platform) under the proposed business model.

  
**(Prathap Kumar S)**  
**Member**

**MEMBER**

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

Date : 04-11-2024

  
**(Kiran Reddy T)**  
**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 East Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-46, Bengaluru.
5. Office Folder.

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