

HC: Trading Gift Vouchers Not Liable to GST Orders

CA Prakash Chandra Jain

P.O. Brajrajnagar

Odisha- 768216

Cell: 94375-41690 / 70087-12242

Email: prakashchjain@yahoo.co.in



REFER THE DECISION OF THE HON'BLE KARNATAKA HIGH COURT IN THE CASE OF

BI Worldwide India (P.) Ltd. vs. Additional Director, DGGI, New Delhi
Citation: [2025] 177 taxmann.com 345 (Karnataka)

BI Worldwide India was in the business of **buying gift vouchers** from issuers at a discount and then **selling them** to corporates, sub-distributors, or even directly to customers.

For each sale, it earned a **margin**—the difference between the purchase price and the selling price.

One day, the GST department knocked on their door.

“You are not just trading vouchers,” the officers said, “you are actually **providing marketing and promotional services** for the voucher issuers. And for that, you must pay GST under Section 9.”

BI Worldwide disagreed.

“We are not promoting anyone’s business. We are only **trading vouchers** like any other commodity. Selling vouchers is just one part of our overall business. It’s buying and selling, not a service.”

The matter reached the **Karnataka High Court**.

The Judges examined the facts and gave their verdict:

- Simply buying vouchers at a discount and selling them at a margin is **trading**, not a service.
- The company was **not engaged in marketing or promotional activity** for the issuers.
- Since GST applies to **supply of goods or services**, and voucher trading in this form was neither, **no GST was payable** on this margin.

The Court ruled in favour of BI Worldwide India, rejecting the department’s demand.