

Sodexo Meal Vouchers are not 'goods' for levy of Octroi or LBT

Sodexo SVC India Pvt. Ltd. vs. State of Maharashtra and Others (2015-TIOL-293-SC-Misc)

Facts:

1. Sodexo Meal vouchers (vouchers) are issued by the company to its customers and employees of customers are given vouchers to have food meal and other items. The vouchers can be used only at Company's affiliated network. Company earns service charges from its customers as well as affiliates.
2. High Court upheld levy of LBT/Octroi on meal vouchers considering it to be 'goods' on following grounds:
 - RBI Scheme required the appellant to print paper vouchers which were sold to its customers
 - The vouchers were capable of being sold after they are brought into the city limits. Therefore, the test laid down by Hon'ble Supreme Court in TCS Ltd. Vs. AP 2004-TIOL-87-SC such as delivery, storage and possession were satisfied to call these vouchers as goods.

Hon'ble Supreme Court's Observations:

- Company is merely a facilitator and a medium between affiliates and customers. The essence of the transaction is rendition of services by the company which is achieved by issuance of vouchers
- Vouchers are not sold but are printed for a particular customer and the same are not transferrable at all
- RBI authorises to operate a payment system for payment and settlement by means of 'paper based voucher'. It would be worthwhile to note that the amount collected from customers have to be kept in escrow account and can be used only for settlement of vouchers. Accordingly, the appellant is providing services and incidentally issuing vouchers only for limited purpose of payment and settlement. Therefore, by no stretch of imagination, these vouchers can be terms as goods
- The value of free food items given by employer to employee is a perquisite given through vouchers and service of company is utilized for its proper implementation.



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