



Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
Office of the Development Commissioner  
Indore Special Economic Zone  
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## CIRCULAR

**Sub: Availment of IGST exemption by SEZ Units for Canteen services for their employees – Reg.**

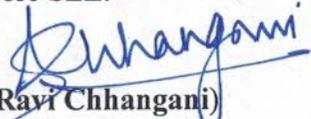
The undersigned is directed to refer to the subject mentioned above and to say that during the course of Audit of SEZ Units under Rule 79 of SEZ Rules, 2006 by the O/o the Commissioner of Customs, Indore, the Audit findings have revealed that many of the SEZ Units are availing IGST exemption benefits in respect of canteen services being received for their employees on regular basis from various DTA service providers. The Audit has inter-alia contended that such services cannot be treated as meant for Authorized Operations.

2. In this context, it is informed that a similar matter in respect of one SEZ Unit in Vishakhapatnam Special Economic Zone was deliberated in the 135<sup>th</sup> Meeting of the Board of Approval for SEZs in the Department of Commerce held on 30.12.2025, wherein the Board, after deliberations, observed that:

- (i) While units are permitted to operate canteens for their employees, such services do not qualify for GST exemptions or zero rated benefits.
- (ii) The extant provisions of instructions issued by the Department of Commerce, including SEZ Instruction Nos. 79 and 95, form the basis of determining the authorized services, and under these instructions, food supplied to employees - whether directly or through DTA vendors- cannot be treated as part of authorized operations for GST benefit.

3. In light of the above decision of the BoA for SEZs, all SEZ units are accordingly advised not to avail IGST exemption on canteen services. Further, the units are advised to liquidate the outstanding demand.

4. This issues with the approval of the Development Commissioner, Indore SEZ.

  
(Ravi Chhangani)

Asstt. Development Commissioner  
Dated: 11.03.2026

Issued from F. No. A-55/ISEZ/OC/2009-10/2014

**Copy to:**

- (1) The Principal Commissioner, Customs, Office of the Commissioner of Customs, B-Zone, Business Space, 3<sup>rd</sup> Floor, 12/27 & 12/28 Village Pipliakumar, Nipania, Indore-452010 (M.P.) with reference to this office letter No. A-142/ISEZ/Custom Audit/2025-26/667 dated 29.09.2025.
- (2) The Executive Director, MPIDC Ltd. Regional Office, Indore, Developer - Indore SEZ, Pithampur.
- (3) The Specified Officer (Customs), Indore SEZ, Pithampur.
- (4) All SEZ Units in SEZ Pithampur and IT/ITES SEZs as per list.
- (5) Notice Board- Zone Office(s) & City Office.