

---

## Canteen Services in SEZ units as authorised services/operations

2 messages

---

Director General SEZEPC <dg@sezepc.in>

30 April 2026 at 18:32

To: "Sh Ajay Bhadoo AS(SEZ)" <astpd-doc@nic.in>, "Vimal ANAND JS(SEZ)" <vimal.anand@nic.in>

Cc: csooffice@nic.in, "Sh Gaurav Pundir Dir(SEZ)" <gaurav.pundir@gov.in>

Dear Sir

Please refer to the trailing email attaching a recent circular dated 11.3.2026 issued by the office of the DC, Indore Special Economic Zone disallowing canteen services provided by SEZ units for their employees as authorised services and hence disallowing the benefit of zero rating (no IGST) on these services.

2. As stated in the circular, the basis is the observation of the Board of Approval in its 135th meeting held on 30.12.2025 that

(i) While units are permitted to operate a canteen 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 Instructions Nos 79 and 95 form the basis of determining the authorized services, and under these instructions, food supplies to employees - whether directly or through DTA vendors cannot be treated as part of authorized operations for GST benefit.

3. In this regard, it may kindly be noted that such services were so far being allowed as authorised services for the last so many years and units were not paying IGST. Suddenly, a decision has been taken to disallow such services as authorised services.

4. It is requested that the decision be made effective prospectively, as , otherwise, it may lead to legal complications, audit observations, or administrative difficulties. GST authorities may start issuing notices for recovery with interest and penalty for previous years, despite no fault on the part of SEZ units as this practice was allowed until now.

5. Furthermore, there are no restrictions on authorised operations/services as such. As per Section 2(b), SEZ Act :

"authorised operations" means operation which may be allowed under sub-section (2) of the section 4 and sub section (9) of section 15.

6. Under Section 4(2), the Board may authorise the Developer to undertake such operations which the Central Government may authorise.

7. Under Section 15(9), the Development Commissioner may authorise operations to be undertaken by units.

8. Thus, the Development Commissioner needs to specify authorised operations or services for the units.

9. There are no restrictions, as such, on operations that the Development Commissioner can authorize.

10. All such operations and services needed and required by the unit as per best industry practices, should be considered authorised, and a very limited or restrictive view should not be taken. For IT/ITES service units, and even for manufacturing units, providing canteen services and other similar services is required to maintain a world-class working environment for better productivity.

11. In view of the above, it is requested that the Board's decision may kindly be reviewed/reconsidered. Even if such services are still considered unauthorized, the decision should be made effective prospectively to ensure administrative simplicity and avoid unnecessary litigation, investigations, etc.

Regards

Alok Chaturvedi  
DG EPCES

**Alok V Chaturvedi, IAS(Retd) | Director General,**

Mobile +91 8130525959 | Tel: +91 11 23329770

Email : [dg@epces.in](mailto:dg@epces.in)

Export Promotion Council for EOUs and SEZs,

A101, 10th Floor Himalaya House 23, KG Marg, New Delhi, Delhi 110001

---

**From:** Sanand Mohan Purohit

**Sent:** 01 April 2026 12:24

**To:** [ddc3@nsez.gov.in](mailto:ddc3@nsez.gov.in)

**Cc:** [govindy@epces.in](mailto:govindy@epces.in); ddc ddg <[ddg@epces.in](mailto:ddg@epces.in)>

**Subject:** Canteen deduction from employees

**Importance:** High

Dear Sir,

Refer attached circular Dt 11.03.2026 issued by SEZ Authority. As per factory act canteen facilities is provided by all SEZ units for the compliance purpose of Factory act.

Department is considering as restaurant service but the objective of all SEZ units is not to earn profit.

Outdoor catering service has mentioned in the approved list of services.

Sr. No.37. Outdoor catering service.

All SEZ units are not paying any GST amount on their canteen bills since beginning.

Need your intervention on the same.

Regards,

Sanand

---

**2 attachments**

 **Circular - Indore SEZ.pdf**  
311K

 **Approved list of services-Sez.pdf**  
308K

---

**Director General SEZEPC** <dg@sezepc.in>

30 April 2026 at 18:33

To: Shri Sanand Mohan Purhoit <sanand.purohit@kusum.com>

Cc: ddg ddg <ddg@sezepc.in>, Srikanth Badiga <badigasrikanth@phoenixindia.net>, Sunil Rallan <sunilrallan@gmail.com>

[Quoted text hidden]

---

**2 attachments**

 **Circular - Indore SEZ.pdf**  
311K

 **Approved list of services-Sez.pdf**  
308K