

**TAXABILITY OF SALARY, ALLOWANCES,  
COMMISSION, BENEFITS, PERKS, UNDER  
GST – BOTH NON-EXECUTIVE AND  
EXECUTIVE DIRECTOR OF A COMPANY.**

By

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As we all know there are two types of Directors under the Companies Act, 2013 (i) Working Directors like (a) Managing Director, (b) Whole time Director, and (c) Executive Director (who is member of the Board) and (ii) Non-Executive Directors like (a) Nominee Directors (b) Independent Director (c) Ordinary Director who only attends Board Meeting of a company:

**WORKING DIRECTORS**

2: The working directors (supra) are appointed under a Letter of Appointment and/or under Board Resolution containing the terms of appointment including terms for payment of salary, remuneration, allowances, benefits, perks and other facilities (i) Education Loan (ii) Hard & Soft Furnishing allowances (iii) Foreign Trips for self and family (iv) House Building Advance given/arranged by the company as they are part and parcel or incidence of employment and hence, any amount spent or interest accrued over it not liable to GST at all virtue of Clause (1) of Schedule III read with Section 7 (2) of CGST Act, 2017 as the same is neither a supply of goods nor services. However besides above, if the Director is paid any other amount, as follows (which is not incidental to his employment and beyond the terms of employment), the said amount is liable to GST.

- a): Consultancy Charges
- b) Commission – which is not part of or incidence of employment
- c: Renting of property to the company by a Director

In the capacity of lessor/owner  
d): Guarantee Commission

3: The Director has raise an taxable Invoice for having provided the taxable services and shall have to charge GST at the rate of 18% on forward charge basis and the GST would be payable by him and paid to the Government.

**NON-WORKING DIRECTORS I.E. NOMINEE  
INDEPENDENT, ORDINARY PART TIME  
DIRECTOR.**

4; The above category of Directors are rewarded in any of the form of remunerations.

- a); Sitting Fees
- b): Commission on Net Profit;
- c) : Guarantee Commission
- d): Renting of immovable property by a Director in the capacity of lessor/owner;
- a) Supply of goods/services by him on principal to To principal basis.

5: The Company shall have to pay GST, under Section 9(3) of GST at the rate of 18% on (i) Sitting Fees (ii) Commission (iii) guarantee commission on reverse charge mechanism. It is, however, clarified that if the premises are let out by the director to the company, then GST on rents shall be payable at the rate of 18% by the Director on forward basis.

6: My earlier note may kindly be read as to the leviability of GST or otherwise.