

TRAVEL GST · INDIA

The credit corporate India leaves with the airlines

What companies are entitled to, what they claim, and where the gap comes from.

₹2,500–3,800 Cr

of airline GST credit claimable by Indian companies each year

3.6×

more GST on an all-premium fare than all-economy

56%

of unclaimed credit lost before finance sees the invoice

CONTENTS

At a glance 03

1 The size of the prize 04

2 The cabin mix now decides the stakes 05

3 Where the credit leaks 06

4 Timing: monthly beats year-end 09

5 Five things every CFO can do this quarter 10

A diagnostic for your finance team 11

Methodology, sources and definitions 12

ABOUT THIS REPORT

Every year, Indian companies pay thousands of crores of GST on the air tickets their people use for work. Most of that tax can come back as input tax credit. Much of it does not.

This report sizes the credit at stake across corporate India, shows how the new cabin-based rates change the numbers, and traces the six places where credit is lost. It closes with five actions and a short diagnostic that any finance team can run in an afternoon.

The figures are estimates built from published industry data and TraCarta's experience of reconciling airline GST for Indian companies since 2018. Ranges are rounded. Exhibit 4 is an illustrative model, not client data. The methodology is on page 12.

General information only, not tax advice. Check the current law and your own facts before acting.

AT A GLANCE

Corporate India is owed thousands of crores of GST credit on air travel each year. A meaningful share never reaches the books.

₹50–65k Cr	₹2,500–3,800 Cr	3.6×	56%
spent by Indian companies on air travel each year	of GST credit claimable from that spend	more GST on an all-premium fare than all-economy	of unclaimed credit lost before finance ever sees the invoice

1 **The prize is large and recurring.**

Indian companies spend an estimated ₹50,000–65,000 crore a year on air travel. About ₹2,500–3,800 crore of the GST on those tickets can be claimed back as input tax credit, every year.

2 **The rate change raised the stakes.**

Since 22 September 2025, economy tickets carry 5% GST and premium cabins 18%. A company that flies only premium now pays 3.6 times the GST of one that flies only economy, so the cabin mix decides how much credit is at stake.

3 **Most of the loss happens upstream.**

Six gaps account for unclaimed credit. The two largest, a missing company GSTIN at booking and invoices left on airline portals, make up 56% of the loss. Both happen before finance ever sees an invoice.

4 **Timing decides what can be saved.**

Credit for a year must be claimed by 30 November of the following year. Teams that check every month have time to get airlines to correct errors. Teams that clean up at year end often run out of time.

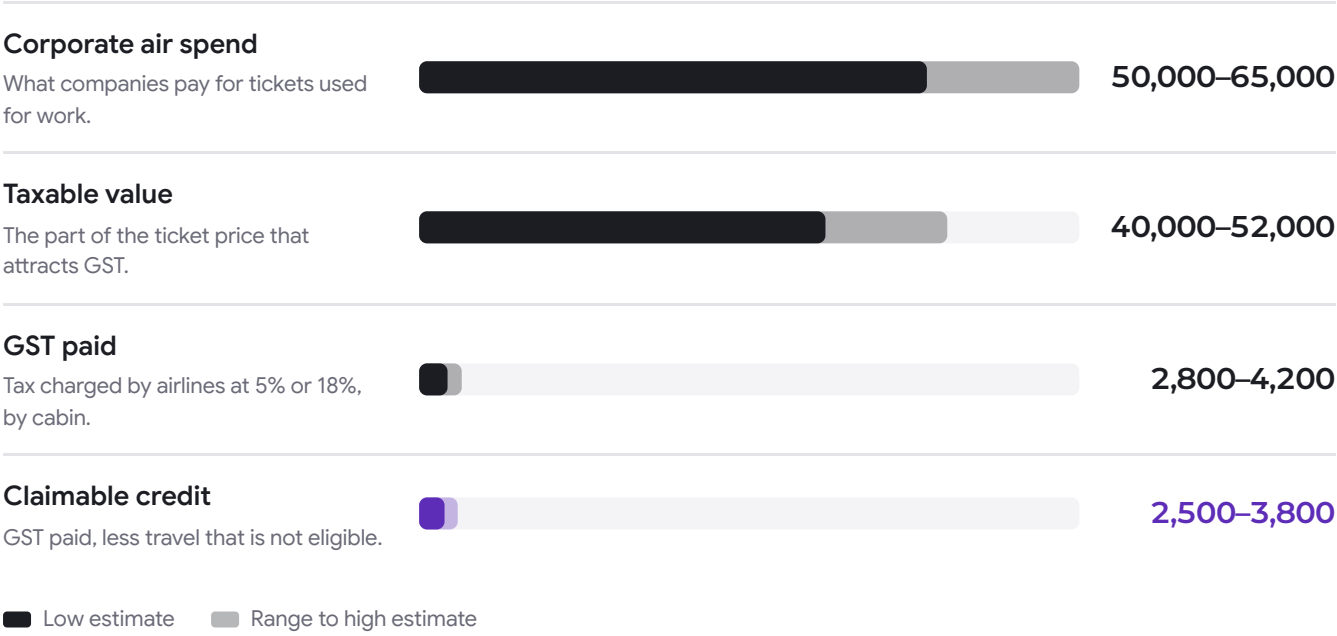
1 · THE SIZE OF THE PRIZE

₹2,500–3,800 crore, every year

Air travel is one of the few costs where almost every rupee of GST paid by a company can come back. The sums are large because the spend is large.

EXHIBIT 1

From air spend to claimable credit



₹ crore a year. Ranges are rounded. Source: TraCarta analysis of industry data on corporate travel and domestic air traffic.

How the number is built

We start from what Indian companies spend on air travel for work: an estimated ₹50,000–65,000 crore a year. Not every rupee on a ticket attracts GST, because some charges collected with the fare sit outside the taxable value. That leaves about ₹40,000–52,000 crore on which airlines charge GST.

At today's rates and a realistic cabin mix, that is ₹2,800–4,200 crore of GST. Less travel that does not qualify, ₹2,500–3,800 crore is claimable.

Why it keeps growing

Corporate travel spend is growing about 10% a year (Deloitte). Domestic air traffic reached 1,677.4 lakh passengers in FY2026 (ICRA). More trips mean more invoices, more registrations to match and more places for credit to slip.

₹5–6

of GST credit is claimable for every ₹100 a company spends on air travel. On a ₹20 crore travel budget, that is ₹1 crore or more a year.

TraCarta analysis, from Exhibit 1. Illustrative.

2 · THE CABIN MIX NOW DECIDES THE STAKES

One rate change, a 3.6× spread

Since 22 September 2025, GST on air travel is 5% for economy and 18% for premium cabins. Before that, the gap between the two was much narrower. Today, who flies what drives how much credit is at stake.

EXHIBIT 2

GST per ₹1 crore of fares, by premium share

Premium share of fares	Blended GST rate	GST per ₹1 crore of fares	Versus all-economy
0%	5.0%	₹5.0 lakh	**1.0×**
20%	7.6%	₹7.6 lakh	**1.5×**
40%	10.2%	₹10.2 lakh	**2.0×**
60%	12.8%	₹12.8 lakh	**2.6×**
100%	18.0%	₹18.0 lakh	**3.6×**

Rates in force from 22 September 2025: 5% economy, 18% premium cabins. Blended rate assumes the stated share of fares is premium.
Source: GST rate notifications; TraCarta analysis.

What this means for finance

A company whose senior people fly business class can carry two to three times the GST of a peer with the same travel budget flying economy. The credit is just as claimable, but each lost invoice now costs more.

It also changes where to look first. A missing premium-cabin invoice is worth 3.6 times a missing economy one. Teams with limited time should chase premium invoices and frequent premium routes first.

WORKED EXAMPLE · ILLUSTRATIVE

A company spends **₹10 crore** a year on air fares, and **40%** of that is premium cabins.

Blended GST rate	**10.2%**
GST paid in a year	**₹1.02 crore**
Same spend, all economy	**₹0.50 crore**

Figures from Exhibit 2. Before allowing for any travel that is not eligible.

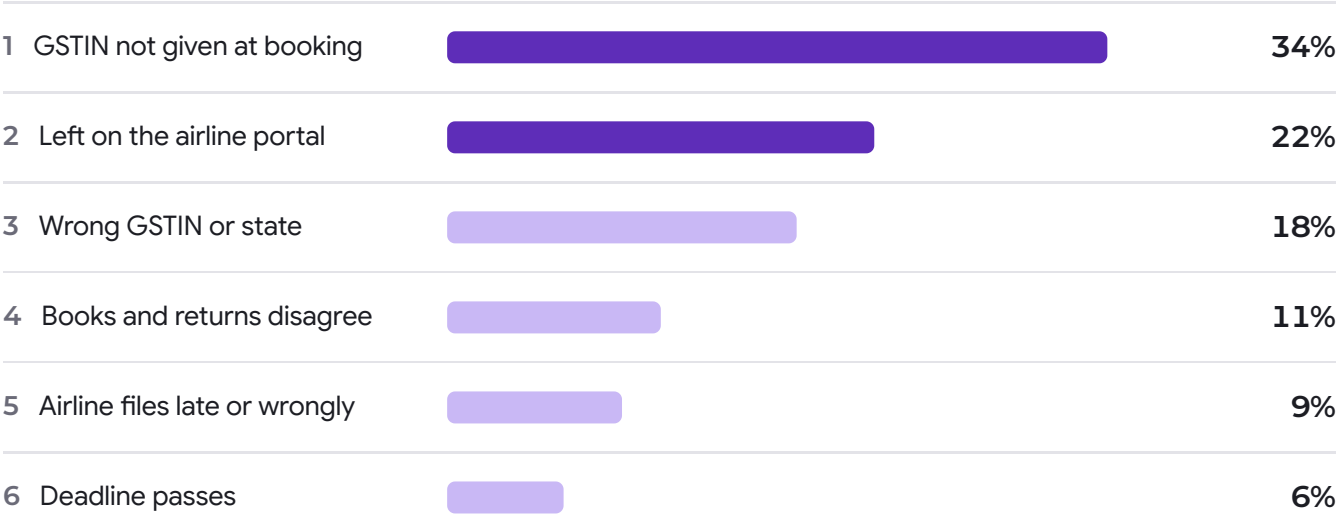
3 · WHERE THE CREDIT LEAKS

Six gaps. The two biggest open before finance is involved.

Unclaimed airline credit is rarely one big failure. It is the sum of small, repeated gaps between the traveller, the booking channel, the airline and the GST return.

EXHIBIT 3

Where unclaimed credit leaks



Typical share of unclaimed credit, by cause. Source: TraCarta analysis.

Most of the loss happens upstream



Lost at booking and invoice collection: leaks 1 and 2

Lost in matching, filing and timing: leaks 3 to 6

This is the most important finding in the report. More than half of the credit companies lose is gone before any accountant sees an invoice, so it cannot be fixed by working harder at month-end close. It is fixed in booking rules, traveller profiles and invoice collection, which usually sit with the travel desk and the travel agency rather than with tax.

3 · WHERE THE CREDIT LEAKS

The six leaks, one by one

Leak 1

34%

Before finance

GSTIN not given at booking

The ticket is booked without the company's GSTIN, so the airline issues an invoice to the traveller rather than to the company. The credit never appears in the company's GSTR-2B.

WHY IT HAPPENS

Self-booking on airline websites and apps, personal accounts, incomplete traveller profiles, and booking tools where the GST field is optional.

WHO USUALLY OWNS IT

Travel desk, travel agency, travellers

Leak 2

22%

Before finance

Left on the airline portal

The company's GSTIN was given and the airline issued a valid invoice, but nobody downloaded it. Agency reports show the fare, not the airline's tax invoice, and each airline publishes invoices on its own portal.

WHY IT HAPPENS

Many airlines, many registrations and many portals. Invoice collection depends on the agency report, which is not the airline's tax invoice.

WHO USUALLY OWNS IT

Travel desk, accounts payable

Leak 3

18%

After finance

Wrong GSTIN or state

The invoice is issued to the wrong registration: another state's GSTIN, an old number or a typing error. The credit lands where it cannot be used, or the airline has to correct it.

WHY IT HAPPENS

Head-office GSTINs used for travel booked by other offices, outdated traveller profiles, and manual entry at booking.

WHO USUALLY OWNS IT

Travel desk, tax

Leak 4

11%

After finance

Books and returns disagree

The invoice is in the books, but it does not match GSTR-2B: different invoice numbers, different amounts, or credit notes for cancellations and changes that are not mapped to the original invoice.

WHY IT HAPPENS

Agency invoices booked instead of airline invoices, reissued tickets, and cancellations handled outside the main process.

WHO USUALLY OWNS IT

Accounts payable, tax

Leak 5

9%

After finance

Airline files late or wrongly

The airline reports the invoice late, against the wrong GSTIN, or with errors in its own return. The credit does not appear in GSTR-2B until the airline corrects it.

WHY IT HAPPENS

Errors in airline filings that only surface when someone reconciles and follows up with the airline.

WHO USUALLY OWNS IT

Tax, with the airline

Leak 6

6%

After finance

Deadline passes

Credit for a financial year must be claimed by 30 November of the following year, or the date the annual return is filed if earlier. Anything found or corrected after that is lost.

WHY IT HAPPENS

Year-end clean-ups that start too late, and airline corrections that arrive after the cut-off.

WHO USUALLY OWNS IT

Tax, finance leadership

FIX UPSTREAM

Leaks 1 to 3 are prevented, not recovered.

Mandatory GSTIN in every channel, correct traveller profiles and direct invoice collection stop most of the loss before it starts.

CATCH DOWNSTREAM

Leaks 4 to 6 are caught by monthly matching.

Reconciling to GSTR-2B every month leaves time for airlines to correct their filings before the November cut-off.

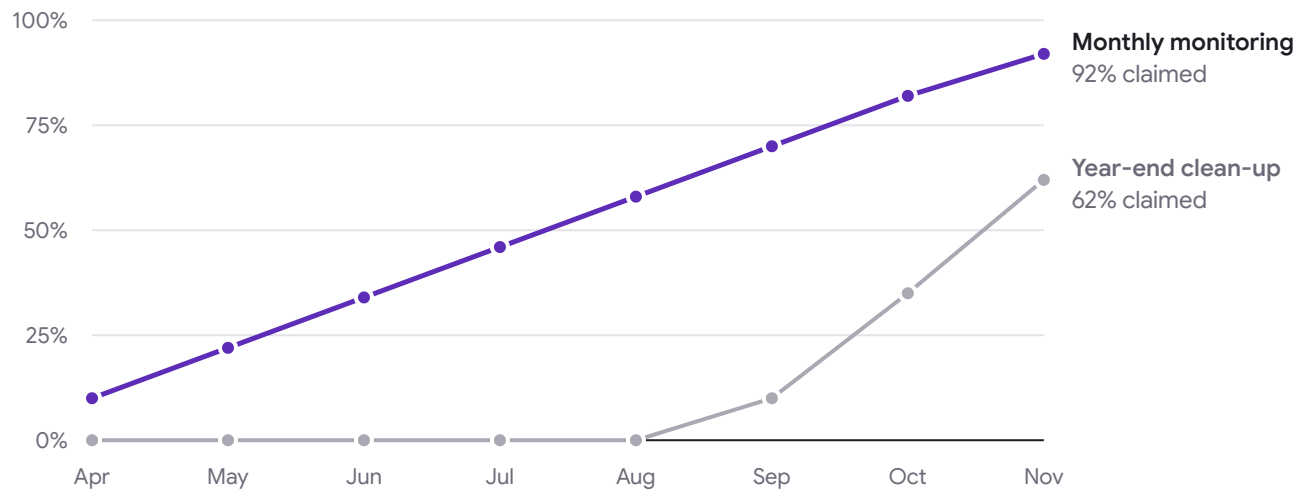
4 · TIMING: MONTHLY BEATS YEAR-END

The calendar is the silent leak

Most errors can be fixed if someone finds them in time. Airlines can reissue invoices and correct their returns, but only before the cut-off. The question is when the company looks.

EXHIBIT 4

Share of eligible credit claimed by the November cut-off



Illustrative model, not client data. Shows how claims build under two ways of working.

How a credit travels, and where time runs out

Booking	Airline invoice	GSTR-2B	Reconcile	30 November
Company GSTIN given at the time of booking	Issued to the GSTIN and reported in the airline's return	Credit appears in the company's monthly statement	Books matched to GSTR-2B; gaps raised with airlines	Last date to claim credit for the previous year

With monthly monitoring, claims build steadily and reach about 92% of eligible credit by November in our model. When the work is left to a year-end clean-up, it starts late, and corrections that need the airline often arrive after the cut-off: the same model reaches about 62%.

5 · RECOMMENDATIONS

Five things every CFO can do this quarter

None of these needs new law, new systems or a large team. Each one closes one or more of the six leaks.

	Action	What good looks like
1	**Measure credit claimed against credit available, by GSTIN and airline.**	A monthly view, for each registration and each airline, of the credit available, the credit claimed and the gap.
2	**Make the company GSTIN mandatory in every booking channel.**	The travel agency, the online booking tool and direct airline bookings all carry the right GSTIN. Bookings without one are flagged the same day.
3	**Pull invoices directly from airline portals for each registration, not only from agency reports.**	A complete set of airline tax invoices for every GSTIN, every month, matched to the bookings behind them.
4	**Reconcile to GSTR-2B monthly, and follow up with airlines while corrections are still possible.**	Mismatches raised with the airline within the month, and every open item tracked to closure well before 30 November.
5	**Give the job a clear owner, internally or a specialist firm, and track the result.**	One named owner, a short monthly report to the CFO, and the gap measured against the benchmark in this report.

Actions 2 and 3
Close leaks 1, 2 and 3: the upstream losses.

Action 4
Closes leaks 4, 5 and 6: matching, airline errors and the deadline.

Actions 1 and 5
Make the gap visible and make someone responsible for it.

A DIAGNOSTIC FOR YOUR FINANCE TEAM

Ten questions, one afternoon

Answer each question honestly with your travel desk and tax team in the room. Every “no” points to a leak in Exhibit 3.

	Question	Yes	No	Leak
01	Do you know how much airline GST credit you were entitled to last year, not just how much you claimed?	☐	☐	All
02	Can you see that gap by GSTIN and by airline?	☐	☐	All
03	Is the company GSTIN mandatory in every channel your people use to book, including airline websites and apps?	☐	☐	1
04	Do traveller profiles carry the right registration for the office that bears the cost?	☐	☐	1, 3
05	Do you collect airline tax invoices for every registration, rather than relying on agency reports?	☐	☐	2
06	Do you reconcile your books to GSTR-2B every month?	☐	☐	4
07	Are credit notes for cancellations and changes matched to their original invoices?	☐	☐	4
08	When an airline invoice is missing or wrong, does someone follow up with the airline and track it to closure?	☐	☐	5
09	Is the year’s clean-up finished well before 30 November?	☐	☐	6
10	Is there one named owner for airline GST credit, with a monthly report to finance leadership?	☐	☐	All

Want the numbers for your own travel?

Ask for a free review. A TraCarta partner will measure your gap against this benchmark.

connect@tracarta.in

METHODOLOGY, SOURCES AND DEFINITIONS

How we built the estimates

Air spend is estimated from industry data on corporate travel and domestic traffic. Claimable credit applies the share of the fare that attracts GST, a range of economy and premium cabin mixes, and an allowance for ineligible travel. Ranges are rounded.

Leak shares in Exhibit 3 are typical shares of unclaimed credit by cause. They will differ from company to company, depending on booking channels, the number of registrations and how invoices are collected.

Exhibit 2 applies the rates in force from 22 September 2025 to a range of premium shares. The worked examples on pages 4 and 5 use figures from Exhibits 1 and 2 and are illustrative.

Exhibit 4 is an illustrative model of how claims build under two ways of working. It is not based on any single client's data.

Sources

GST rates on air travel	GST Council and CBIC rate notifications in force from 22 September 2025: 5% for economy class, 18% for other classes.
Domestic air traffic	ICRA, Indian aviation monthly update, April 2026: domestic air passenger traffic of 1,677.4 lakh in FY2026.
Corporate travel growth	Deloitte: corporate travel spend growing about 10% a year.
Time limit for credit	CGST Act, section 16(4): credit for a financial year must be claimed by 30 November of the following year, or the date of filing the annual return if earlier.
Leak shares and model	TraCarta analysis, from reconciling airline GST for Indian companies since 2018. Exhibit 4 is an illustrative model, not client data.

Definitions

GSTIN. A company's GST registration number. A company has one for each state it is registered in.

GSTR-2B. The monthly statement, generated from suppliers' returns, of the credit available to a registration.

Input tax credit. GST a business has paid on its purchases that it can set off against the GST it owes.

Premium cabin. Any class other than economy, such as premium economy, business and first.

General information only, not tax advice. Check the current law and your own facts before acting. Figures are estimates and ranges are rounded. © 2026 TraCarta India Private Limited.

TRACARTA.

ABOUT TRACARTA

Every ticket. Every invoice. Every rupee.

TraCarta is a travel GST reconciliation firm based in Gurugram. Since 2018 we have helped Indian companies claim the GST credit on their business travel, airline and hotel, by collecting every invoice, matching it to GSTR-2B and following up with suppliers until the credit is in the books.

Talk to a specialist
connect@tracarta.in

Call
+91 98106 81799

Online
www.tracarta.com

General information only, not tax advice. © 2026 TraCarta India Private Limited. All rights reserved.