

## GST UPDATE ON CHANGE IN RATES FOR HOSPITALITY SECTOR:-

The government has amended the GST rates for hospitality sector number of times and again there is change in GST rates vide **Notification No. 20/2019-Central Tax (Rate) dated 30.09.2019**. The amendments made in the serial no. 7 of the principal notification no. 11/2017-Central Tax dated 28.06.2017 and its analysis is being discussed.

The discussion can be segregated on the basis of nature of services provided by the hospitality sector such as accommodation, restaurant, mandap keeper, outdoor catering services.

## ACCOMMODATION SERVICES:-

It is to be noted that supply of accommodation services having value of supply of a unit of accommodation **below** Rs. 1000/- per day or equivalent is exempt from levy of GST as per notification no. 12/2017-Central Tax (Rate) dated 28.06.2017. The notification no. 21/2019-Central Tax (Rate) dated 30.09.2019 specifies Nil rate for the entry as accommodation services having value of supply of a unit of accommodation **below or equal to** Rs. 1000/- per day or equivalent.

S. no.	Description	Rate of GST
7(i)	Supply of <b><u>“hotel accommodation”</u></b> having <b><u>value of supply</u></b> of a unit of accommodation <b><u>above one thousand rupees</u></b> but less than or equal to seven thousand five hundred rupees per unit per day or equivalent.	12%
	<a href="http://www.capradeepjain.com">www.capradeepjain.com</a> <a href="mailto:pradeep@capradeepjain.com">pradeep@capradeepjain.com</a>	
17(vi) g	Accommodation other than that mentioned at serial no. 7(i) to (v) meaning having value of supply of a unit of accommodation above seven thousand five hundred rupees per unit per day or equivalent.	18%

7(vi)	Accommodation other than that mentioned at serial no. 7(i) to (v) meaning having value of supply of a unit of accommodation above seven thousand five hundred rupees per unit per day or equivalent.	18%
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It is to be noted that the term “Hotel accommodation” means supply, by way of accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes including the supply of time share usage rights by way of accommodation.

**COMMENT:-** The rate of GST on accommodation services having value of supply of a unit of accommodation **above Rs. 7,500/- per unit per day or equivalent** has been reduced from 28% to 18%. However, important change that is to be observed is that accommodation services having value of supply of a unit of accommodation equal to Rs. 7,500/- per unit per day has been reduced from 28% to 12%. In nutshell, the new slab of GST rate applicable for accommodation services is as follows:-

Transaction value per unit (Rs) per day	GST rate
Rs. 1000 and less	Nil
Rs. 1001 to Rs. 7500	12%
Rs. 7501 and above	18%

## RESTAURANT SERVICES:

PARTICULARS	GST RATE APPLICABLE
Supply of restaurant service other	5% provided that credit of input tax

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than at specified premises	charged on goods and services used in supplying the service has not been taken.
Supply of restaurant services at specified premises	18%

Specified premises means premises providing hotel accommodation services having declared tariff of any unit of accommodation above seven thousand five hundred rupees per unit per day or equivalent.

It is to be noted that the term “Restaurant service” means supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied.

#### MANDAP KEEPER SERVICES:

PARTICULARS	GST RATE APPLICABLE
Composite supply of “outdoor catering” together with renting of premises (including hotel, convention center, club, pandal, shamiana or any other place, specially arranged for organising a function) at premises other than “specified premises” provided by any person other than- (a) suppliers providing “hotel accommodation” at “specified premises”, or	5% provided that credit of input tax charged on goods and services used in supplying the service has not been taken.

(b) suppliers located in “specified premises”.	
Composite supply of “outdoor catering” together with renting of premises (including hotel, convention center, club, pandal, shamiana or any other place, specially arranged for organising a function) provided by suppliers providing “hotel accommodation” at “specified premises”, or suppliers located in “specified premises”.	18%

It is to be noted that the term “Outdoor catering” means supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, at Exhibition Halls, Events, Conferences, Marriage Halls and other outdoor or indoor functions that are event based and occasional in nature.

## OUTDOOR CATERING SERVICES:

PARTICULARS	GST RATE APPLICABLE
Supply of “outdoor catering”, at premises other than “specified premises” provided by any person other than- (a) suppliers providing “hotel accommodation” at “specified premises”, or	5% provided that credit of input tax charged on goods and services used in supplying the service has not been taken.

(b) suppliers located in “specified premises”.	
Supply of “outdoor catering”, provided by suppliers providing “hotel accommodation” at “specified premises”, or suppliers located in “specified premises”.	18%

Now, the above provisions can be explained with the help of examples for better understanding and clarity:-

SITUATION NO.	FACTS	NATURE OF SERVICE	GST RATE APPLICABLE
1.	M/s ABC Hotel having declared room tariff above Rs. 7501/- per unit per day organises event in its premises along with renting of premises.	Mandap Keeper Service	18% as service provided in specified premises.
2.	M/s ABC hotel having declared room tariff of above Rs. 7501/- per unit per day supplies food at exhibition event held at Railway Stadium.	Outdoor Catering Services	18% as service provided by supplier providing hotel accommodation at specified premises.
3.	M/s XYZ Caterers providing outdoor catering services to Taj hotel having declared room tariff of above Rs. 7501/- per unit per	Outdoor Catering Services	18% as service provided by supplier located in specified

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	day.		premises.
4.	M/s XYZ Caterers providing outdoor catering services at exhibition event held at Railway Stadium	Outdoor Catering Services	5% with the condition that input tax credit is not taken by M/s XYZ Caterers.  5% rate is applicable as the supplier is not providing services at specified premises.
5.	M/s PQR Hotel having declared room tariff below Rs. 7,500/- per day per unit organises event in its premises.	Mandap Keeper Service	5% with the condition that input tax credit is not taken by M/s PQR Hotel.  5% rate is applicable as services are not provided by hotel located in specified premises.
6.	M/s XYZ Caterers providing outdoor catering services at the premises of M/s PQR Hotel having	Outdoor Catering Service	5% with the condition that input tax credit

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	declared room tariff below Rs. 7,500/- per day per unit.		is not taken by M/s XYZ Caterers.  5% rate is applicable as the supplier of service is not providing services in specified premises.
7.	M/s ABC Hotel having declared room tariff above Rs. 7501/- per unit per day provides outdoor catering services at the premises of M/s PQR Hotel having declared room tariff below Rs. 7,500/- per day per unit.	Outdoor Catering Service	18% as service provided by supplier providing hotel accommodation at specified premises.