

ACCOMMODATION, FOOD AND BEVERAGE SERVICES

GST has been a new buzz in the market since its rollout on July 01, 2017. Though, over two years has been passed since its levy, still people and industries are ambiguous of its impact on their businesses.

This article is an attempt to throw some light on one of the important sectors of the economy i.e. Hotel and Restaurants.

In the pre-GST regime era, a restaurant food bill attracted both VAT and Service Tax with VAT being levied on food component and Service Tax on the service component. GST has simplified the tax regime by submerging many indirect taxes into one.

Many changes have been made via various notifications for hotel and restaurant services which has been captured below in sequence of their release.

Entry No. 7 of Notification 11/2017 of Central Tax (Rate) deals with Accommodation, food and beverage services.

Supply of food or any other article for human consumption or drink in a non AC restaurant, eating joint or mess and having no license or permit to serve alcoholic liquor for human consumption.	12% with ITC
Supply of food or any other article for human consumption or drink in an AC restaurant, eating joint or mess or having license or permit to serve alcoholic liquor for human consumption.	18% with ITC
Outdoor Catering	18% with ITC
Supply of food with renting of premises (including hotel, convention center, club, pandal, shamiana or any other place, specially arranged for organising a function)	18% with ITC

Accommodation in hotels, guest houses or other commercial places meant for residential or lodging purposes having declared tariff of as below per unit per day	
1000-2499	12% with ITC
2500-7499	18% with ITC
>=7500	28% with ITC

*Declared Tariff includes charges for all amenities provided in the unit of accommodation but excluding any discount.

Note: Any other accommodation, food and beverage services attract GST 18% with ITC.

Changes via Notification 46/2017 Central Tax (Rate) w.e.f 15.11.2017

Supply of food or any other article for human consumption or drink by a restaurant, eating joint including mess, canteen whether for consumption on or away from the premises other than those located in the premises of hotels or other commercial places with accommodation having declared tariff more than 7500 per unit per day.	5% without ITC
Supply of food or any other article for human consumption or drink by a restaurant, eating joint including mess, canteen located in the premises of hotels or other commercial places with accommodation having declared tariff more than 7500 per unit per day.	18% with ITC

Changes via Notification 13/2018 Central Tax (Rate) w.e.f 27.07.2018

Following new explanations added to the changes made for supply of food or any other article of human consumption or drink attracting GST 5% without ITC: Explanation-1: This supply includes such supply at a canteen, mess, cafeteria or dining space of an institution such as school, college, hospital, industrial unit, office, by such institution or by any other person based on a contractual arrangement with such institution for such supply, provided that such supply is not event based or occasional. Explanation-2: This supply excludes outdoor catering	5% without ITC
Supply, of goods being food or any other article for human consumption or any drink, by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms.	5% without ITC
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.	18% with ITC
The words “declared tariff” is substituted by “value of supply” i.e. Actual Tariff or Transaction Value	

Changes via Notification 27/2018 Central Tax (Rate) w.e.f 01.01.2019

Words “school, college” omitted from Explanation 1: Explanation-1: This supply includes such supply at a canteen, mess, cafeteria or dining space of an institution such as school, college , hospital, industrial unit, office, by such institution or by any other person based on a contractual arrangement with such institution for such supply, provided that such supply is not event based or occasional.	5% without ITC
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Changes via Notification 20/2019 Central Tax (Rate) w.e.f 01.10.2019

Supply of 'hotel accommodation' having value of supply of unit greater than 1000 and less than equal to 7500 per unit per day	12% with ITC
Supply of 'hotel accommodation' having value of supply of unit greater than 7500 per unit per day	18% with ITC

Supply of 'restaurant service' other than at 'specified premises'	5% without ITC
Supply of goods, being food or any other article for human consumption or any drink, by the Indian Railways or Indian Railways Catering and Tourism Corporation Ltd. or their licensees, whether in trains or at platforms	5% without ITC
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 b. suppliers located in 'specified premises'	5% without ITC
Composite supply of 'outdoor catering' together with renting of premises at premises other than 'specified premises' provided by any person other than- a. suppliers providing 'hotel accommodation' at 'specified premises', or b. suppliers located in 'specified premises'	5% without ITC
Supply of 'restaurant service' at 'specified premises'	18% with ITC
Food and Beverage Services other than above	18% with ITC

*'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.

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