

### **No GST payable on accommodation service provided below INR 1000/-**

The AAR, Karnataka in the matter of *M/s. Healersark Resources Private Limited [Advance Ruling No. KAR ADRG 75/2021 dated December 6, 2021]* held that, assessee providing boarding and lodging facilities and raising 2 separate invoices, towards hostel rent and towards hostel food respectively would neither be covered under composite supply nor mixed supply. Further, the declared tariff of a unit of accommodation service below INR 1000/- per day is exempted.

#### **Facts:**

M/s. Healersark Resources Private Limited (“**the Applicant**”) is in the hospitality industry and is into the business of providing boarding, food accommodation, lodging facilities and such other services to M/s. Apollo Med Skills Limited (“**AMSL**”), which is the project implementing agency for Deen Dayal Upadhyay Grameen Kaushalya Yojana (“**DDU-GKY**”), a central Government scheme, which is a placement linked skill training scheme which caters to the largest rural poor youth of the country.

As a part of the implementation of the project, AMSL is required to provide such facilities to the candidates enrolled for the training for which, AMSL has engaged the Applicant to provide boarding, lodging facilities and such other agreed services to the candidates enrolled for the training, as per the terms of SOP provided by GOI with respect to the implementation of its projects under DDU-GKY. Further, the Applicant is providing boarding, lodging facilities and such other agreed services for a consideration of INR 9000/- (within Bangalore) and INR 7500/- (outside Bangalore), per candidate per month.

#### **Issues:**

1. Whether the services provided by the Applicant to AMSL amounts to composite supply or mixed supply?
2. Whether the services provided by the Applicant are liable to GST or are exempted?

#### **Held:**

The AAR, Karnataka in *Advance Ruling No. KAR ADRG 75/2021 dated December 6, 2021* held as under:

- Noted that, the Applicant is providing boarding and lodging facilities and other services and the Applicant has submitted few sample invoices towards the services provided to AMSL, which shows that the Applicant is raising 2 separate invoices, one towards hostel rent and one towards hostel food. Further, the charges are defined separately for accommodation and for food and other facilities.

- Observed that, the Applicant is raising separate invoices for the services supplied and there is no provision of bundled services by the Applicant to AMSL, therefore, the same is not covered under the definition of composite supply. Further, the Applicant is providing 2 separate services to AMSL for two different prices and not for a single price. Hence the same is not covered under mixed supply also.
- Further noted that, the Applicant is providing boarding, lodging facilities and such other agreed services for a consideration of INR 9000/- (within Bangalore) and INR 7500/- (outside Bangalore), per candidate per month i.e., less than INR 1000/- per day and the consideration received by the Applicant for providing such services, may be considered as 'declared tariff.
- Stated that, since the declared tariff of a unit of accommodation is below INR 1000/- per day, the rate of tax for the same is NIL as per **SI No.14 of the Notification No. 12/2017-Central Tax (Rate) dated: June 28, 2017** ("Exemption Notification").
- Held that, the accommodation service provided by the Applicant to AMSL is exempted vide Exemption Notification as the declared tariff of a unit of accommodation is below INR 1000/- per day and the service of supply of food by the Applicant is taxable @ 5% GST without input tax credit as per **Sl. No. 7(ii) of Notification No. 11/2017-Central Tax (Rate) dated June 28, 2017** ("Services Rate Notification").

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