M/s. Rashmi Hospitality Services Private Limited

Appellate Authority for Advance Ruling — Gujarat

ADVANCE RULING (APPEAL) NO. GUJ/GAAAR/APPEAL/2018/3 Dated **31.07.2018**

Q Questions Before the Authority

- Whether the supply of food, beverages, and catering services provided to an industrial non-air-conditioned canteen in a factory premises is taxable at 5%, 12%, or 18% under Notification No. 11/2017-Central Tax (Rate).

F Facts

The appellant is engaged in providing catering services and supplying food and beverages to in-house canteens located within its clients' factory premises. The menu, rates, and manner of serving food are determined by the client's canteen committee, and services are delivered at the client's premises. The appellant sought an advance ruling on whether its services should be classified as canteen services taxable at 5% or 12%, or as outdoor catering taxable at 18%. The AAR held that the service attracts 18% GST as outdoor catering, prompting this appeal.

H Ruling

Applicable rate of GST on catering services supplied to industrial factory canteens	**18% GST (CGST 9% + SGST 9%) under Sr. 7(v) of Notification No. 11/2017-Central Tax (Rate)**	Classified as outdoor catering service

The Appellate Authority for Advance Ruling confirmed the AAR order and held that the catering services provided by the appellant fall under **outdoor catering** under Sr. 7(v) of Notification No. 11/2017-Central Tax (Rate). Consequently, the supply attracts GST at the rate of **18% (CGST 9% + SGST 9%)** .

R Reasoning

The Appellate Authority reasoned that 'outdoor catering' refers to services where the kind, quantum, and manner of serving food are specified by the service recipient, and the service is provided at a location other than the provider's own premises. Because the appellant provides food at the client's factory premises based on menu and rate decisions made by the client's canteen committee, the activity meets the established criteria for outdoor catering. The authority further held that FSSAI license categories and statutory canteen obligations under Section 46 of the Factories Act, 1948 do not control taxability under GST. Additionally, Circular No. 28/02/2018-GST applies specifically to educational institution mess fees and cannot be extended to outsourced corporate canteen contracts.

P Provisions Relied On

- Sr. 7(i) of Notification No. 11/2017-Central Tax (Rate)
- Sr. 7(v) of Notification No. 11/2017-Central Tax (Rate)
- Notification No. 11/2017-State Tax (Rate)
- Circular No. 28/02/2018-GST dated 08.01.2018
- Section 46 of the Factories Act, 1948

! For the Practitioner

This ruling establishes that outsourced catering provided to corporate or factory canteens where the client dictates menu and pricing at its own premises constitutes **outdoor catering taxable at 18%** . It confirms that non-GST regulatory frameworks such as FSSAI licenses or statutory factory canteen mandates do not alter GST classification. Practitioners should refrain from applying educational hostel mess circulars to commercial or industrial canteen arrangements.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> guj_gaaar_2018-3_31.07.18.pdf

Prepared 21-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)
RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Mumbai
104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Delhi
3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Gurugram
Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram…

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

Talk to us: +91 94594 56700 | sales@patronaccounting.com | patronaccounting.com