M/s. Goodwill Industrial Canteen

Authority for Advance Ruling — Tamil Nadu

ORDER No.9/AAR/2018 Dated **30.08.2018**

Q Questions Before the Authority

- What is the applicable GST rate on the outdoor catering services the applicant renders to its clients (Clarification regarding applicable GST to the outdoor catering services rendered by them to their clients)?

F Facts

The applicant, an industrial caterer at Tiruvallur, runs the industrial canteen at a factory of M/s Kone Elevators under a contract. The client provides the premises, furniture, utensils, crockery, water, electricity and fuel. The applicant buys provisions, cooks using its own manpower, and serves the client's employees against coupons collected on the client's behalf. The applicant bills the client monthly, and no payment is taken from the employees.

H Ruling

Applicable GST rate on the applicant's food supply at the client's industrial premises under the Kone Elevators contract, and such other contracts	**Up to 26.07.2018: 9% CGST (Sl.No. 7(v), Notification 11/2017-CT(Rate)) and 9% SGST (Sl.No. 7(v), G.O.(Ms) No. 72). From 27.07.2018: 2.5% CGST (Sl.No. 7(i), Notification 11/2017-CT(Rate) as amended) and 2.5% SGST (Sl.No. 7(i), G.O.(Ms) No. 72 as amended)**	The 2.5% rate applies only if credit of input tax on goods and services used in supplying the service has not been taken, read with Explanation (iv) of the notifications. The order's wording on the SGST entry is as printed in the scan.

The authority ruled that the applicant's supply of food and beverages on the client's industrial premises is liable to **9% CGST and 9% SGST under Sl.No. 7(v)** for the period up to 26.07.2018. From 27.07.2018 the supply attracts **2.5% CGST and 2.5% SGST under Sl.No. 7(i)** , subject to the condition that no input tax credit has been taken on goods and services used in supplying the service.

R Reasoning

The authority held that the applicant's supply is outdoor catering, not a restaurant or canteen supply, for the period before the July 2018 amendment. It relied on the GST Council's 23rd meeting discussion, which contrasted restaurant and canteen supplies with outdoor catering, and on the fact that the applicant prepares food on the client's premises and is paid by the client, not by the consumers. Notification 46/2017-CT(Rate) dated 14.11.2017

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

left Sl.No. 7(v) unamended. After the GST Council's 27th meeting decision, Notification 13/2018-CT(Rate) dated 26.07.2018 amended Sl.No. 7(i) to cover canteen supplies to industrial units and offices under a contractual arrangement, provided the supply is not event-based or occasional. The authority therefore applied the 5% entry from 27.07.2018. The scan's reasoning text on these points is partly garbled, so the dates and figures should be checked against the full order.

P Provisions Relied On

- Section 98 of the CGST Act, 2017 (advance ruling proceedings)
- Section 100(1) of the CGST/TNGST Act, 2017 (appeal to the State Appellate Authority within 30 days)
- Rule 104(1) of the CGST Rules, 2017 and TNGST Rules, 2017 (application fee)
- Notification No. 11/2017-CT(Rate) dated 28.06.2017, Sl.No. 7(i) and 7(v), Heading 9963
- Notification No. 46/2017-CT(Rate) dated 14.11.2017 (amendment of Sl.No. 7(i), Explanation (iv))
- Notification No. 13/2018-CT(Rate) dated 26.07.2018 (Explanation 1 to Sl.No. 7(i), restriction of 7(v) to event-based or occasio…
- G.O.(Ms) No. 72 dated 29.06.2017 (TNGST counterpart)
- GST Council 23rd meeting, 10.11.2017, paragraphs 65.28 and 65.29 (as reproduced in the order)
- GST Council 27th meeting press note, para 18 (decision of 21.07.2018, as reproduced in the order)

! For the Practitioner

The order is useful for industrial canteen operators who cook on the client's premises and bill the client rather than the diners. It shows the authority treating these as outdoor catering at 18% before 27.07.2018 and as canteen supply at 5% afterwards, provided no input tax credit is claimed. It does not decide the rate for event-based or occasional catering, and it binds only the applicant on its own contract facts. The order should be read in full before relying on the pre-July 2018 characterisation, because the reasoning in the scan is partly illegible.

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 -> tn.9_aar_2018-gic.pdf

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