

ISPRAVA Hospitality Private Limited

Authority for Advance Ruling — Maharashtra

GST-ARA-52/2019-20/B-39, Mumbai, dated 17/03/2020

Q Questions Before the Authority

- What is the meaning of "Per Unit" as specified under Chapter, Section or Heading-9963 under entry no. 7 of the Notification No. 11/2017-Central Tax (Rate) dated 28 June 2017?

F Facts

The applicant is engaged in the business of renting out luxurious villas to clients on a per-day basis. Each villa consists of multiple rooms, but the applicant does not offer individual rooms for rent, requiring clients to book the entire villa. The applicant sought clarification on whether the entire villa or each individual room within the villa should be considered as the "unit" for the purpose of determining GST liability under Notification No. 11/2017-Central Tax (Rate).

H Ruling

Meaning of "Per Unit" under Entry 7 of Notification 11/2017-Central Tax (Rate)

The entire Villa will be treated as "per unit"

Applicable where the property is rented as an indivisible whole

The Authority ruled that in the applicant's specific business model, the entire villa is to be treated as the "per unit" for the purposes of the relevant notification. Because the villa is rented as an indivisible whole and cannot be booked room-by-room, the entire property constitutes the single unit of accommodation.

R Reasoning

The Authority relied on the principle that the 'pattern of renting' determines the context of the term 'unit' in the notification. Since the applicant's business model involves renting the entire villa as an indivisible unit with no option for individual room bookings, the villa itself constitutes the unit. The Authority distinguished this from previous judicial precedents cited by the applicant, noting that those cases involved renting individual rooms or beds, which is not the case here. The decision turns on the interpretation of the term 'unit of accommodation' within the context of the **declared tariff** for the property as a whole.

P Provisions Relied On

Section 97 of the CGST Act, 2017

Section 98 of the CGST Act, 2017

Notification No. 11/2017-Central Tax (Rate) dated 28 June 2017



For the Practitioner

This ruling clarifies that for luxury villa rentals where the entire property is booked as a single entity, the **entire villa** is the taxable unit rather than individual rooms. It helps practitioners advise clients operating similar 'entire-property' rental models to calculate their GST liability based on the total tariff of the villa. It does not apply to business models where individual rooms are offered for rent, which would likely be treated as separate units.

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 -> mah aar 52 2019-20 b-39 17.03.2020 ihpl.pdf

Prepared 20-10-2026.

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