M/s. Jabalpur Entertainment Complexes P. Ltd., Khasra No.36/4, South Avenue Mall, Lower Ground Floor, Narmada Road, Jabalpur (M.P.) - 482008

Authority for Advance Ruling — Madhya Pradesh

Order No. 12/2018 Dated **27.08.2018**

Q Questions Before the Authority

- Whether GST @5% can be charged on food, soft drinks, and snacks sold in the Snack Bar & Food Court in terms of Notification no.46/2017?
- Whether ITC of GST paid on Movie Distributor revenue share bill, Projector Rental Bill, Advertising Bill, Security Agency Bill, and House Keeping Bill can be claimed in full?
- Whether ITC on GST paid on goods purchased for the purpose of maintenance such as Vitrified Tiles, Marble, Granite ACP Sheets, Steel Plates, TMT TOR, Bricks, Cement, Paint, Chemicals, Sanitary items like wash basin, urinal pots, and toilet accessories can be claimed in full?
- Whether ITC of GST paid on Works Contract service received from registered & unregistered Contractor for maintenance contract of building can be claimed in full?

F Facts

The applicant operates a multiplex cinema, food court, retail store, and commercial mall in Jabalpur, earning revenue from ticket sales, shop rentals, common area maintenance charges, and sales of food and beverages. To maintain the mall and conduct cinema operations, the applicant incurs expenses on movie distributor revenue shares, projector rentals, advertising, security, housekeeping, civil materials, and works contracts for building maintenance. The applicant sought advance ruling on the applicability of the 5% GST rate on food sales and the admissibility of input tax credit on various operational and maintenance expenses.

H Ruling

GST rate on food, soft drinks, and snacks sold in Snack Bar and Food Court	**GST @5% (2.5% CGST + 2.5% SGCT) under SAC 9963**	Subject to conditions under Notification No. 11/2017-CT(R) as amended by Notification No. 46/2017-CT(R)
ITC on Movie Distributor share, Projector Rental, Advertising, Security, and Housekeeping bills	**Allowed in full for distributor share, projector rental, and ad bills; apportioned for security and housekeeping**	ITC on common services restricted to taxable output supplies and subject to reversal under Section 17(1) for exempt supplies
ITC on goods purchased for mall maintenance (tiles, granite, cement, paint, sanitary items)	**Inadmissible**	Blocked under clause (c) of Section 17(5) of the CGST Act 2017

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

ITC on Works Contract service received for building maintenance contract	**Inadmissible**	Blocked under clause (d) of Section 17(5) of the CGST Act 2017

The Authority held that food and beverages sold at the food court and multiplex snack bar are **chargeable to GST at 5%** under SAC 9963 without input tax credit. Full ITC is admissible on movie distributor revenue share, projector rental, and advertising bills, whereas ITC on security and housekeeping services must be restricted to the proportion used for taxable output supplies. Input tax credit on civil goods and works contract services used for building maintenance is **blocked under Section 17(5)** of the CGST Act.

R Reasoning

The Authority reasoned that food and beverage supplies at the snack bar and food court fall under restaurant services (SAC 9963) taxable at 5% under Notification No. 11/2017-CT(R) as amended by Notification No. 46/2017-CT(R), provided no ITC is taken on inputs. Input services directly attributable to taxable cinema activities like movie distributor revenue share, projector rentals, and advertising qualify for full ITC under Section 16. However, general input services such as security and housekeeping serve both taxable and exempt operations, requiring proportionate ITC reversal under Section 17(1). For civil construction materials and works contract services used in maintenance and repair of the mall building, ITC is explicitly prohibited under Section 17(5)(c) and Section 17(5)(d) as the services and goods are consumed in relation to an immovable property built/maintained on own account.

P Provisions Relied On

Notification No. 11/2017-Central Tax (Rate)	Notification No. 46/2017-Central Tax (Rate)
Section 16 of the CGST Act, 2017	Section 17(1) of the CGST Act, 2017
Section 17(5)(c) of the CGST Act, 2017	Section 17(5)(d) of the CGST Act, 2017

! For the Practitioner

This ruling clarifies that counter sales of food items in cinema snack bars and food courts attract the **concessional 5% GST rate** under SAC 9963 with input tax credit restrictions. It provides guidance that operational inputs directly linked to taxable activities receive full ITC, while common utility services must be apportioned under Section 17(1). Importantly, it reiterates that input tax credit on building maintenance materials and works contracts for immovable property remains **strictly non-creditable** under Section 17(5).

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 -> final_order_jabalpur-ent-com-prv-ltd.pdf

Prepared 23-10-2026.

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