M/s Kalani Infrastructure Pvt. Ltd., A-14-A, Road No.1, Indraprastha Industrial Area, Kota, Rajasthan (GSTIN 08AACCK1540L1ZK)

Authority for Advance Ruling — Rajasthan

Advance Ruling No. RAJ/AAR/2019-20/30, Date of Ruling 09.01.2020 (ord… Dated **09.01.2020**

Q Questions Before the Authority

- Whether provision of hostel accommodation along with food facility to students, for a consolidated amount charged from the students, is a composite supply where the principal supply is rent of hostel accommodation?
- Whether the entire charge recovered from the students would be exempt from GST under Sr. No. 14 of Notification No. 12/2017-CT(Rate) dated 28.06.2017, as amended, if the charges per day are less than Rs. 1,000.
- What is the taxability of supply of hostel accommodation along with food facility?
- What is the appropriate classification and applicable rate of GST on supply of hostel accommodation along with food facility?

F Facts

The applicant, through its unit Fortuna Icon, runs a student hostel in Kota. It charges a consolidated Rs. 17,000 per month for accommodation, with food facility and other amenities (such as gym, play room, TV in dining hall, housekeeping and room cleaning) included, and no option is given to take accommodation without food. The applicant contended the package is a composite supply with accommodation as the principal supply, so that the whole package is exempt under Sr. No. 14 of Notification 12/2017-CT(Rate) because the per-day charge is below Rs. 1,000.

H Ruling

Hostel accommodation with food, play room, gym, housekeeping and room cleaning charged as one consolidated amount: composite or mixed supply	**Mixed supply**	The ancillary services were held not to be naturally bundled with the principal accommodation supply, so the composite supply test under s.2(30) was not met. The supply was held to be a single-price supply under s.2(74).
Whether the entire charge is exempt under Sr. No. 14 of Notification 12/2017-CT(Rate) because the per-day charge is below Rs. 1,000	**Not exempt. The entire charge is not exempt under Sr. No. 14.**	The order's own reproduction of the CBEC Circular 32/06/2018-GST treats hostel accommodation below Rs. 1,000 per day as exempt. The ruling's conclusion therefore rests on the mixed supply analysis, and the order does not clearly reconcile the two in the pages legible to me.

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

Rate of GST on the whole supply	**18% (CGST 9% + SGST 9%)**	Under s.8(b), a mixed supply takes the rate of the component supply attracting the highest rate. The order identifies 18% as the highest, from gym, play room and housekeeping services. Food serving (HSN 996333) is taxed at 5%.

The authority held that the package of hostel accommodation, food, play room, gym, housekeeping and room cleaning, charged as a single consolidated amount, is a mixed supply and not a composite supply. It held that the entire charge is not exempt under Sr. No. 14 of Notification 12/2017-CT(Rate). It held that GST applies to the whole supply at the highest rate among the component services, which is 18% (CGST 9% and SGST 9%).

R Reasoning

The authority first held that the package is a supply under s.7 and then tested it as a composite supply under s.2(30). It found that the ancillary services such as gym, play room, housekeeping and TV in the dining hall are not naturally bundled with hostel accommodation in the ordinary course of business, applying the bundling indicators in the CBEC education guide and GST flyers. It held that the package is therefore not a composite supply, and that it is a mixed supply under s.2(74) because it is provided for a single price. Under s.8(b), the whole supply is taxed at the highest rate of the component services, which the order found to be 18%. The authority distinguished the Chhattisgarh, Kerala and West Bengal rulings the applicant cited, and noted that most Kota hostels outsource these services independently.

P Provisions Relied On

- Section 7, CGST Act, 2017 (definition of supply)
- Section 2(30), CGST Act, 2017 (composite supply)
- Section 2(74), CGST Act, 2017 (mixed supply)
- Section 8(b), CGST Act, 2017 (tax liability on mixed supply)
- Section 97(2)(a), (b) and (e), CGST/RGST Act, 2017 (scope of advance ruling)
- Section 100, CGST/RGST Act, 2017 (appeal period, as noted on the first page)
- Notification No. 12/2017-CT(Rate) dated 28.06.2017, Sr. No. 14 and para 2(r)
- Notification No. 11/2017-CT(Rate) dated 28.06.2017 and its Annexure (HSN 996329, 996333, 999723, 999652, 998533, 999…
- CBEC Circular No. 32/06/2018-GST dated 12.02.2018
- CBEC education guide and GST flyers on composite and mixed supplies (cited for bundling indicators)

! For the Practitioner

A hostel operator bundling food and amenities into one consolidated monthly fee should note that this ruling treats such a package as a mixed supply taxed at 18%, not as an exempt accommodation supply. It settles that the applicant's composite supply argument failed on these facts, particularly for gym, play room and housekeeping. It does not decide whether accommodation alone, priced below Rs. 1,000 per day, is exempt, and the exemption reasoning is not clearly reconciled with the ruling in the pages I could read. The order binds only the applicant, and an appeal lies under s.100 within 30 days of service.

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 -> raj_aar_30_2019-20_09.01.2020_kipl.pdf

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