

M/s. Rashmi Hospitality Services Private Limited

Authority for Advance Ruling — Gujarat

GUJ/GAAR/R/2018/8

Dated 21.03.2018

Q Questions Before the Authority

- Whether the rate of tax on their supplies made to the recipient would be 12% or 18%.

F Facts

The applicant provides catering services to manufacturing industries by running in-house canteens at their factories. The applicant sought an advance ruling on the applicable GST rate, specifically whether their services should be classified as outdoor catering or canteen services, following a request from a client to charge a lower rate.

H Ruling

Applicable GST rate for catering services provided to a client's factory canteen

18% (CGST 9% + SGST 9%)

Covered under Sr. 7(v) of Notification No. 11/2017-Central Tax (Rate) and corresponding State Tax notification

The Authority ruled that the services provided by the applicant constitute outdoor catering services. Consequently, the supply of services is subject to GST at the rate of 18%.

R Reasoning

The Authority determined that the applicant is providing services to the recipient (the company) rather than directly to the employees, and the service is provided at a place other than the applicant's own premises. Relying on the definition of outdoor catering and judicial precedent from the erstwhile Service Tax regime, the Authority concluded that the activity falls under **outdoor catering services**. It explicitly rejected the applicability of the circular regarding college hostel mess fees, noting that the nature of the service is not that of a restaurant or canteen as contemplated by the lower tax rate provisions.

P Provisions Relied On

Section 97(2)(e) of the CGST/GGST Act, 2017

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 11/2017-State Tax (Rate) dated 30.06.2017



For the Practitioner

This ruling clarifies that industrial canteen services provided by an outside contractor are classified as **outdoor catering services** rather than restaurant/canteen services. It settles that the identity of the ultimate consumer (employees) does not alter the nature of the service provided to the corporate client. Practitioners should note that this decision mandates an **18% GST rate** for such arrangements, effectively precluding the lower 5% rate applicable to institutional mess facilities.

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-2018-8 dt 21-03-18 rashmi hospitality.pdf](#)

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