M/s. Madha Illam

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No.70/AAR/2023 Dated:01.09.2023

Q Questions Before the Authority

- Whether the hostel and residential accommodation extended by the Applicant hostel would be eligible for exemption under Entry 12 of Exemption Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 and under the identical Notification under the TNGST Act, 2017 and also under Entry 13 of Exemption Notification No.9/2017 - Integrated Tax-Rate dated 28.06.2017 as amended?
- Whether the Applicant hostel being eligible for exemption under Sl. No. 12 of Notification-12/2017 (CT-Rate) dated 28.06.2017 as amended would at all be required to take registration under the GST Enactments by virtue of the Exemption Notifications as afore mentioned and also under the provisions of Section 23 of the CGST/TNGST Act, 2017?
- Whether any specific tariff entry is applicable to hostels under the Tariff Notification, in the event of requirement of registration?
- Whether, in the event of the hostel accommodation being an exempt activity, the incidental activity of supply of in-house food to the inmates of the hostel would also be exempt being in the nature of a composite exempt supply?
- Whether the judgement of the Division Bench of the Hon'ble Karnataka High Court in the case of Taghar Vasudeva Ambrish -vs- Appellate Authority for Advanced Ruling, Karnataka reported in Manu/KA/0327/2022 is applicable to the facts of the applicant?

F Facts

The applicant is an unregistered entity running a ladies' residential hostel for students and working women. They provide boarding and lodging facilities, including ancillary services like housekeeping and security, for a consolidated monthly charge per inmate. The applicant contends that these services qualify as renting of residential dwelling for use as residence, thereby claiming GST exemption.

H Ruling

Eligibility for exemption under Entry 12 of Notification 12/2017-CT (Rate)	**Not eligible for exemption**	The services do not qualify as renting of residential dwelling for use as residence
Requirement for GST registration	**Required to be registered**	If aggregate turnover in a financial year exceeds twenty lakh rupees
Applicable tariff entry and tax rate	**Taxable @ 9% CGST + 9% SGST**	Under Sl.No. 7(vi) of Notification No. 11/2017, Central Tax (Rate) as amended
Exemption for incidental supply of food	**Taxable @ 18% as composite supply**	Hostel accommodation is the principal supply

Applicability of Taghar Vasudeva Ambrish judgment	**No ruling issued**	Question does not fall under the scope of Section 97(2) of the GST Act

The Authority ruled that hostel accommodation services are not eligible for the exemption claimed and are taxable. Consequently, the applicant is required to obtain GST registration if their aggregate turnover exceeds the prescribed threshold. The supply of in-house food is considered part of a composite supply where the hostel accommodation is the principal supply.

R Reasoning

The Authority reasoned that hostel accommodation is commercial in nature and does not constitute a residential dwelling for use as residence, which is a prerequisite for the exemption. It relied on the interpretation that hostels are akin to hotels or commercial establishments rather than homes. The ruling emphasized that exemption notifications must be interpreted strictly and that the applicant's services constitute a composite supply under Section 2(30) of the CGST Act. It further noted that the applicant's reliance on the Karnataka High Court decision was misplaced as the facts were distinguishable and the matter is sub-judice.

P Provisions Relied On

Section 98(4) of CGST Act, 2017	Section 98(4) of TNGST Act, 2017
Section 2(30) of CGST Act, 2017	Section 7(1)(a) of CGST Act, 2017
Section 22 of CGST Act, 2017	Entry 12 of Notification No. 12/2017-Central Tax (Rate)
Notification No. 11/2017-Central Tax (Rate)	

! For the Practitioner

This ruling confirms that **hostel accommodation services are taxable** and do not qualify for the residential dwelling exemption under GST. It clarifies that such services are treated as a **composite supply** with the accommodation as the principal supply. Practitioners should note that this decision explicitly rejects the applicability of the Taghar Vasudeva Ambrish judgment to the applicant's facts.

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 -> 70_madha_illam.pdf

Prepared 15-10-2026.

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