

M/s NEW SNEKHAM GIRLS HOSTEL

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No.86/AAR/2023 Dated: 04.09.2023

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 No. 12/2017 Central Tax (Rate) dated 28.06.2017 as amended would at all be required to register under the GST Enactments by virtue of the exemption notification 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 Advance Ruling, Karnataka reported in Manu/KA/0327/2022 is applicable to the facts of the applicant?

F Facts

The applicant operates a ladies' residential hostel for college students and working women, providing boarding and lodging facilities for a monthly fee. They provide single, double, or dormitory-style accommodation and in-house food services to inmates. The applicant does not own the premises but rents them, and they claim their services qualify as renting of residential dwellings for use as residence.

H Ruling

Eligibility for exemption	Not eligible for exemption	Under Entry 12 of Notification 12/2017-CT(Rate) and Entry 13 of Notification 9/2017-IT(Rate)
Requirement to register	Required to register	If aggregate turnover in a financial year exceeds twenty lakh rupees
Applicable tariff and tax rate	Taxable at 18% GST	Under Tariff heading 9963, Sl. No. 7(vi) of Notification 11/2017-CT(Rate)
Exemption for in-house food	Taxable at 18% as composite supply	Hostel accommodation is the principal supply

Applicability of Karnataka HC judgment

No ruling issued

Does not fall under the scope of Section 97(2) of the GST Act

The Authority ruled that the hostel accommodation services provided by the applicant are not eligible for the exemption under the cited notifications because they do not constitute renting of a residential dwelling for use as a residence. Consequently, the applicant is liable for registration if their aggregate turnover exceeds the threshold, and their services are taxable at 18% as a composite supply. The Authority also noted that the Karnataka High Court judgment relied upon by the applicant is not binding in this jurisdiction and is currently subject to a pending appeal.

R Reasoning

The Authority reasoned that the term residential dwelling is not defined in the GST Act, but in common parlance, it does not include hostels which are commercial establishments. The services provided are considered a **business of supplying accommodation services** rather than renting for residential use. The Authority relied on the principle that **exemption notifications must be interpreted strictly** and that the applicant's activities constitute a composite supply where the principal supply is taxable. Provisions relied upon include Section 7, Section 22, and Section 2(30) of the CGST Act, along with various exemption and rate notifications.

P Provisions Relied On

Section 98(4) of the CGST Act, 2017

Section 98(4) of the TNGST Act, 2017

Section 103(1) of the CGST Act, 2017

Section 103(2) of the CGST Act, 2017

Section 104 of the CGST Act, 2017

Section 7 of the CGST Act, 2017

Section 22 of the CGST Act, 2017

Section 2(30) of the CGST Act, 2017

Notification No. 12/2017-Central Tax (Rate)

Notification No. 9/2017-Integrated Tax (Rate)

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

! For the Practitioner

This ruling confirms that the Tamil Nadu AAR views hostel accommodation as a **taxable commercial service** rather than an exempt residential dwelling rental. It serves as a strong precedent for tax authorities to deny exemptions to similar hostel operators in the state. Practitioners should note that this decision explicitly rejects the applicability of the Karnataka High Court's ruling in the Taghar Vasudeva Ambrish case.

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 -> 86_new_sneham_girls_hostel.pdf

Prepared 13-10-2026.

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