

M/s. Prism Hospitality Services (P) Ltd

Authority for Advance Ruling — Telangana

TSAAR Order No. 12/2018 dated 26-09-2018

Q Questions Before the Authority

- What is the rate of GST to be levied on the activities of canteen services, mess operations, and food supply in various institutions as described in the application?
- What is the rate of GST to be levied on the activity of providing transport services for carting food from one building to another where separate transport charges are levied?

F Facts

The applicant provides canteen and mess services to corporate offices, educational institutions, and training centers, where food is prepared and sold on a regular daily basis. In some instances, they also transport food from a central kitchen to client premises and charge separate fees for this transportation. The applicant sought clarification on the applicable GST rates for these various food supply and transportation activities.

H Ruling

Canteen and mess food supply	5% GST	No input tax credit allowed; must not be event-based
Transportation of food	18% GST	Treated as a composite supply with food as the principal supply

The authority ruled that the supply of food in canteens of offices, factories, hospitals, and colleges on a contractual basis is taxable at 5% GST (2.5% CGST + 2.5% SGST) without input tax credit. For the transportation of food, the authority determined it constitutes a composite supply with the food service, making the entire transaction taxable at the 18% rate applicable to outdoor catering.

R Reasoning

The ruling relies on Notification No. 13/2018-Central Tax (Rate) which covers the supply of food in institutional canteens. The authority determined that such services are taxable at 5% provided they are not event-based. Regarding transportation, the authority applied Section 8 of the CGST Act, classifying the service as a **composite supply** where the food service is the principal supply. Consequently, the entire transaction attracts the **highest rate of tax** applicable to the principal supply, which is 18% for outdoor catering.

P Provisions Relied On

Section 8 of the CGST Act

Section 96(1) of the TGST Act

Section 97(1) of the TGST Act

Section 100(1) of the CGST/TGST Act

Notification No. 13/2018-Central Tax (Rate) dated 26.07.2018

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

Notification No. 46/2017-CT (Rate) dated 14.11.2017

Circular No. 28/02/2018-GST dated 08-01-2018

! For the Practitioner

This ruling clarifies that routine institutional canteen services are taxed at a concessional 5% rate, provided they are not event-based. Practitioners should note that adding ancillary services like transportation to a food contract may trigger a higher 18% tax rate on the entire gross amount due to the **composite supply** rules. It does not apply to event-based catering, which remains subject to standard outdoor catering rates.

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 -> [tsaar 12.2018 26.09.18.pdf](#)

Prepared 21-10-2026.

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