

M/s. Sapthagiri Hospitality Private Limited

Authority for Advance Ruling — Gujarat

GUJ/GAAR/RULING/2018/14 dated 30.07.2018

Q Questions Before the Authority

- The hotel being located in non-processing zone of Dahez Special Economic Zone whether liable to pay GST on all the services provided by it to the clients located in SEZ which inter-alia included supply of services by way of providing accommodation services, supplying food and beverages and supplying services ancillary to providing accommodation services?
- Under extreme circumstances, if the hotel is required to provide accommodation services to a visitor other than a visitor located in SEZ, whether GST is required to be paid?

F Facts

The applicant is a SEZ Co-Developer operating a hotel in the non-processing zone of Dahez SEZ. They provide hospitality services, including accommodation, food, and beverages, to both clients located within the SEZ and visitors from outside the SEZ. The applicant sought a ruling on whether these services qualify as zero-rated supplies under the GST framework.

H Ruling

Services to clients within SEZ	Zero-rated	Must be for authorized operations
Services to clients outside SEZ	Taxable	Liable to IGST under normal course of supply

The authority ruled that services provided to clients located within the SEZ for authorized operations are treated as **zero-rated supplies**. Conversely, services provided to clients located outside the SEZ territory are **liable to GST** under the normal course of supply.

R Reasoning

The ruling relies on Section 16(1) of the IGST Act, which defines zero-rated supply to include supplies made to an SEZ developer or unit. It further references Section 2(m)(iii) of the SEZ Act, 2005, to confirm that services provided between units or developers within an SEZ qualify as exports. However, the authority clarified that services rendered from an SEZ to the Domestic Tariff Area (DTA) do not qualify as zero-rated. Therefore, such supplies are subject to IGST under Section 5(1) of the IGST Act as they fall under the normal course of supply.

P Provisions Relied On

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

Section 2(20) of IGST Act, 2017

Section 7(5)(b) of IGST Act, 2017

Section 8 of IGST Act, 2017

Section 16(1) of IGST Act, 2017

Section 2(m)(iii) of SEZ Act, 2005

Section 5(1) of IGST Act, 2017

! For the Practitioner

This ruling confirms that hospitality services provided by an SEZ Co-Developer to other SEZ units for authorized operations qualify for zero-rating. It clarifies that the benefit of zero-rating does not extend to services provided to visitors from the Domestic Tariff Area. Practitioners can use this to distinguish the tax treatment of hotel services based on the location and status of the recipient.

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.14-2018-19 dt 30.07.18 shpl.pdf

Prepared 21-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com