Sarj Educational Centre

Authority for Advance Ruling — West Bengal

42/WBAAR/2018-19 dated 26/02/2019 (Case Number 42 of 2018) Dated **26.02.2019**

Q Questions Before the Authority

- Whether the applicant's supply of lodging along with food to students of a secondary school is a composite supply within the meaning of section 2(30) of the GST Act.
- Whether the supply of such lodging and food service is eligible for exemption under Sl. No. 14 of Notification No. 12/2017-CT (Rate) dated 28/06/2017.
- If the combination is not a composite supply, what rate of tax applies to the combination of services provided.

F Facts

The applicant owns a private boarding house and, under an MOU with St. Michael's School run by Sunshine Educational Society, provides boarding to the school's students. The boarding package covers lodging, housekeeping, laundry, medical assistance and food, for a consolidated charge per boarder. Day boarders and lodgers pay different amounts for different service packages, and laundry is not offered to day boarders.

H Ruling

Whether the lodging and food package is a composite supply under section 2(30)	**No. None of the combinations is a composite supply.**	The services are separable and charged on different packages depending on whether the boarder needs lodging, so they are not bundled taxable supplies supplied in conjunction in the ordinary course of business.
Rate of tax on the combination of services, treated as a mixed supply	**Taxable as a mixed supply under section 8(b) at the applicable rate; the reasoning in para 4.6 identifies this as 18%.**	The operative ruling says only **the applicable rate**; the 18% figure appears in the reasoning. Sl. No. 14 exemption for lodging is noted in the findings but is not stated as a separate ruling answer.

The Authority held that none of the service combinations offered by the applicant is a composite supply under section 2(30). The combinations are mixed supplies under section 2(74), which under section 8(b) are taxable at the rate applicable to the supply attracting the highest rate, and the Authority found that this is 18%. The order's findings also treat the lodging element as exempt under Sl. No. 14 and the food element as taxable at 5%.

R Reasoning

The Authority relied on the definition of composite supply in section 2(30), finding that the services were separately priced and optional depending on lodging need, so they were not inseparable bundles. It treated the combinations as mixed supplies under section 2(74) and applied section 8(b), which taxes a mixed supply at the rate of its highest-rated component. Lodging below Rs.1,000 per day was treated as exempt under Sl. No. 14 of

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

Notification 12/2017-CT (Rate), food as taxable at 5% under Sl. No. 7(i) of Notification 11/2017-CT (Rate), and housekeeping and laundry at 18% under Sl. Nos. 25(ii) and 35. Sl. No. 66 of the exemption notification was held inapplicable because the applicant is not an educational institution and the students, not the school, are the recipients.

P Provisions Relied On

- Section 2(30) of the CGST/WBGST Act (composite supply)
- Section 2(74) of the CGST/WBGST Act (mixed supply)
- Section 8(b) of the CGST/WBGST Act
- Section 97(2)(a) and (b) of the Act (admissibility)
- Section 100 of the Act (appeal)
- Section 103(2) and Section 104(1) of the Act (binding effect and declaration of void)
- Notification No. 12/2017-CT (Rate) dated 28/06/2017, Sl. No. 14 and Sl. No. 66
- Notification No. 11/2017-CT (Rate) dated 28/06/2017, Sl. No. 7(i), Sl. No. 25(ii) and Sl. No. 35
- CBIC Circular No. 32/06/2018 dated 12/02/2018 (cited by the applicant)

! For the Practitioner

The order is useful for boarding and hostel operators who bundle lodging, food and ancillary services for a single charge, because it shows that separately priced, optional packages will not be treated as composite supplies and will instead be taxed as a mixed supply at the highest component rate. It also records the Authority's view that lodging below Rs.1,000 per day is exempt under Sl. No. 14, while food and laundry are taxable. It does not settle the Sl. No. 66 question for school-linked boarding in general, does not address whether the 18% rate would change under a different package structure, and as an advance ruling it binds only the applicant.

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 -> wb_42_2018-19_sec.pdf

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