

M/s. Sri Krishana Ladies Hostel

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No.93/AAR/2023 Dated:05.09.2023

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 operates a ladies' residential hostel for students and working women, providing boarding and lodging facilities for a consolidated monthly charge. They provide single, double, or dormitory-style accommodation along with ancillary services like housekeeping, security, and electricity. The applicant contends that these services qualify as renting of residential dwellings for use as residence and are thus exempt from GST.

H Ruling

Eligibility for exemption under Entry 12 of Notification 12/2017-CT (Rate)	Not eligible	The services do not qualify as renting of residential dwelling for use as residence
Requirement for registration	Required if aggregate turnover exceeds twenty lakh rupees	Based on Section 22 of the CGST Act
Applicable tariff entry and tax rate	Tariff heading 9963, taxable at 9% CGST + 9% SGST	Under Sl. No. 7(vi) of Notification No. 11/2017, Central Tax (Rate) as amended

Exemption for incidental supply of in-house food	Not exempt	Amounts to a composite supply where hostel accommodation is the principal supply, taxable at 18%
Applicability of Karnataka High Court judgment	No ruling issued	The question 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. Consequently, the applicant is liable for registration if their aggregate turnover exceeds the threshold, and their services are taxable as a composite supply. The Authority determined that hostel accommodation is not equivalent to a residential dwelling for use as residence.

R Reasoning

The Authority reasoned that the term residential dwelling is not defined in the Act and must be interpreted in common trade parlance, which excludes hostels that provide commercial accommodation with ancillary services. They emphasized that the applicant's premises are registered as commercial establishments and are not used as a private residence by a family or individual. The ruling relies on the strict interpretation of exemption notifications, noting that the twin conditions of renting a residential dwelling for use as a residence were not met. Furthermore, the Authority concluded that the services constitute a composite supply under Section 2(30) of the CGST Act, with accommodation as the principal supply.

P Provisions Relied On

Section 98(4) of CGST Act, 2017	Section 97(2) of CGST Act, 2017
Section 22 of CGST Act, 2017	Section 2(30) 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** at 18% and do not qualify for the residential dwelling exemption. It clarifies that hostels are considered commercial establishments rather than residential dwellings for GST purposes. Practitioners should note that this decision explicitly rejects the applicability of the Karnataka High Court's Taghar Vasudeva Ambrish ruling in the context of Tamil Nadu AAR proceedings.

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 -> 93 sri krishna ladies hostel.pdf

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