M/s Srisai Luxurious Stay LLP (unregistered person, PAN AEAFS6168R)

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 20/ 2020 Dated **31.03.2020**

Q Questions Before the Authority

- Whether the daily accommodation services ranging from Rs.300 to Rs.500 per bed are eligible for exemption under Notification No.12/2017-Central Tax?
- Whether the monthly accommodation services ranging from Rs.6,900 to Rs.12,500 per bed are eligible for exemption under Notification No.12/2017-Central Tax?
- Whether the said notification would be applicable if the LLP decides to charge additional charges for extra facilities opted by the inhabitants, in addition to the facilities included in the tariff, where the overall price would be less than the present exemption limit of Rs.1,000 per day per unit?

F Facts

The applicant is an unregistered limited liability partnership set up to run paying guest accommodation, service apartments and flats. It proposes to provide boarding and lodging to inhabitants on monthly tariffs of Rs.6,900 to Rs.12,500 per bed or daily tariffs of Rs.300 to Rs.500 per bed, with meals, furnished rooms, security, housekeeping, washing machine use, TV, WiFi and parking included in the tariff. The business had not yet commenced when the application was filed.

H Ruling

Daily accommodation, Rs.300 to Rs.500 per bed	**Exempt**	Under entry 14 of Notification No.12/2017-Central Tax (Rate) dated 28.06.2017, as the declared tariff is below Rs.1,000 per unit per day.
Monthly accommodation, Rs.6,900 to Rs.12,500 per bed	**Exempt**	Under entry 14 of Notification No.12/2017-Central Tax (Rate). The authority computed the maximum monthly tariff as about Rs.416 per day, which is below Rs.1,000.
Additional charges for extra facilities, where overall price is below Rs.1,000 per day per unit	**Exempt if the service belongs to Group 9963; otherwise taxable at applicable rates**	Services of Group 9963 are exempt under entry 14. Services that are independent supplies and do not belong to Group 9963 are taxable at the rates applicable to them, provided the applicant is liable to register.

The daily accommodation services at Rs.300 to Rs.500 per bed and the monthly services at Rs.6,900 to Rs.12,500 per bed are **eligible for exemption** under Notification No.12/2017-Central Tax (Rate). For additional charges on extra facilities where the overall price stays below Rs.1,000 per day per unit, the exemption applies only if the add-on services belong to Group 9963; independent add-on supplies outside Group 9963 are liable to tax at their applicable rates.

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

R Reasoning

The authority held that the applicant's supply is covered by entry 14 of Notification No.12/2017-Central Tax (Rate), which exempts services by a hotel, inn, guest house, club or campsite for residential or lodging purposes where the declared tariff per unit is below Rs.1,000 per day. It compared this with entry 7 of Notification No.11/2017-Central Tax (Rate), which taxes hotel accommodation above Rs.1,000 per unit per day. Because the accommodation is the principal supply bundled with the other facilities, the package was treated as a composite supply under section 8 of the CGST Act, 2017. For the proposed additional services, the authority held that they are separate supplies under a separate contract where they are independent of accommodation, and that their treatment depends on whether they fall under SAC Group 9963.

P Provisions Relied On

- Section 8 of the CGST Act, 2017 (composite supply)
- Entry 14 of Notification No.12/2017-Central Tax (Rate) dated 28.06.2017
- Entry 7 of Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, as amended, including the explanation and clause (x…
- Section 97 of the CGST Act, 2017 and Section 97 of the KGST Act, 2017, read with Rule 104 of the CGST and KGST Rules,…
- Service Accounting Codes 996311, 996322 and Group 9963

! For the Practitioner

The ruling is useful for guest house, paying guest and service apartment operators who bundle accommodation with meals and amenities at tariffs below Rs.1,000 per unit per day, as it confirms that the package can be exempt under entry 14. It also shows that add-on charges must be checked against SAC Group 9963, since non-9963 independent supplies may be taxable even when the overall price is low. The ruling does not decide the rate for accommodation above Rs.1,000 per day, does not settle registration thresholds, and is directed to the applicant's own proposed supplies.

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 -> kar_aar_20_2020_srisai.pdf

Prepared 20-11-2026.

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