

5% GST on Supply of Food inside the Restaurant (branch) situated in Zoological Garden: AAR

Fact of the Case

- The applicant, M/s Hotel Sandesh Private Limited is a registered private limited company engaged in providing accommodation, food, and beverages service, under SAC 9963, at the business premises. The applicant proposes to open a stand-alone Restaurant at Sri Chamarajendra Zoological Gardens, a unit of Zoo Authority of Karnataka, Mysore which is a government body. The Zoo authorities insisted the applicant charge 5% GST, on the supplies made from the Zoo premises, on treating the said service as deemed canteen service.
- The applicant sought advance ruling with regard to the applicable rate on the supply of food from the premises situated at Zoological garden. The applicant, as admitted, is already registered under GST, providing accommodation, food 86 beverage services, falling under SAC 9963, and is discharging GST @ 18% on the said services, in terms of entry number 7(vi) of the Notification No. 11/2017-Central Tax (Rate) dated June 28, 2017, as amended.

The applicant has sought the advance ruling in respect of the applicable Rate of GST for the supply of food inside the restaurant (branch) situated in a zoological garden.

Decision of the Case

- The Coram held that the applicable Rate of GST for the supply of food inside the restaurant (branch) situated in a zoological garden, Mysore is 5% (CGST-2.5% & KGST-2.5%), in terms of entry number 7(ii) of the Notification No. 11/2017-Central Tax (Rate) dated June 28, 2017, as amended, if separate registration is obtained for the premises or separate account is maintained in respect of the premises.
- The AAR further said, "alternately, if the applicant maintains a common account in respect of both the premises, they need to discharge GST at the rate of 5% (CGST 2.5% & KGST 2.5%) in respect of the supply made at the premises situated at Zoological garden, Mysuru and invariably need to reverse the input tax credit in terms of Section 17 of the CGST Act 2017 read with Rule 42 & 43 of CGST Rules 2017."

The Karnataka Authority of Advance Ruling (AAR) ruled that 5% GST is applicable to the supply of food inside the restaurant (branch) situated in a zoological garden.