

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

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RAJYA SABHA

UNSTARRED QUESTION NO. 4085

TO BE ANSWERED ON TUESDAY THE 03<sup>RD</sup> APRIL , 2018  
CHAITRA 13, 1940 (SAKA)

HIGHER GST CHARGED BY RESTAURANTS AND HOTELS

**4085. SHRI NEERAJ SHEKHAR:  
SHRI RAVI PRAKASH VERMA:**

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has slashed GST levied by restaurants and hotels to 5 per cent only from November, 2017;
- (b) if so, the details thereof;
- (c) whether Government is aware that 18 per cent GST is being levied by restaurants and hotels in some States arbitrarily till date, particularly in Andaman and Nicobar Islands;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the details of inquiry initiated and action taken or proposed to be taken against erring restaurants and hotels?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI SHIV PRATAP SHUKLA)

**(a) and (b)** : GST Council in its 23rd meeting, held on 10 November 2017, inter-alia, took the following decisions:

- a. No change for composition scheme for restaurant.
- b. All stand-alone restaurants irrespective of being air conditioned or otherwise, shall attract GST at the rate of 5% without input tax credit. Food parcels (or takeaways) from restaurants shall also attract GST at the rate of 5% without input tax credit.
- c. Restaurants in hotel premises having declared room tariff of less than Rs.7500 per night to be levied GST at the rate of 5% without input tax credit.

d. Restaurants in hotel premises having declared room tariff of Rs.7500 and above per night (even for a single room) to attract tax at the rate of 18% with full input tax credit.

e. Outdoor catering to continue to be taxed at the rate of 18% with full input tax credit

Based on these decisions of GST Council, GST rate on supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or drink, where such supply or service is for cash, deferred payment or other valuable consideration, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied, other than those located in the premises of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of any unit of accommodation of seven thousand five hundred rupees and above per unit per day or equivalent, had been reduced to 5 per cent vide notification No. 46/2017 – CT (Rate) dated 14.11.2017.

**(c) and (d):** GST rate on accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of a unit of accommodation of two thousand five hundred rupees and above but less than seven thousand five hundred rupees per unit per day or equivalent is 18%. Similarly, GST rate on supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink, where such supply or service is for cash, deferred payment or other valuable consideration, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied, located in the premises of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of any unit of accommodation of seven thousand five hundred rupees and above per unit per day or equivalent is also 18%. Thus, 18% GST is being levied by restaurants and hotels covered by the above cases.

**(e):** Does not arise in view of (c) & (d) above.

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