

GIB/WB/GOLDEN VACATION/23.09.2019/AAR-253

Advance Ruling Category : Classification

State : West Bengal

Order No.: GIB/WB/GOLDEN VACATION/23.09.2019/AAR-253

Name of Entry :

Golden Vacations Tours and Travels

Date : 23-09-2019

Breif Issue :

Facts & Issue of the Ruling

The Applicant "Golden Vacations Tours and Travels" is stated to be a tour operator. **Applicant seeks advance ruling on the classification of the service it provides when it arranges the client's accommodation in hotels. Applicant further wants to know whether the GST, the hotels charge on it can be claimed as an input tax credit.**

The Applicant submits that it books rooms in hotels and provides them for accommodation as asked by the customers. In the Applicant's opinion, it is not to be classified as tour operating service. **According to Explanation to SI No. 23(i) of Notification No. 11/2017 — CT (Rate) dated 28/06/2017** (State Notification No. 1135 — FT dated 28/06/2017), as amended from time to time (hereinafter collectively called the Rate Notification), **the "tour operator" means any person engaged in the business of planning, scheduling, organizing, arranging tours (which may include arrangements for accommodation, sightseeing or other similar services) by any mode of transport, and includes any person engaged in the business of operating tours.** Furthermore, SL No. 23(i) applies provided inter alia the bill issued for supply of the service indicates it is inclusive of charges of accommodation and transportation required for such a tour. As the Applicant seeks the ruling for cases where it provides the client accommodation only, SI No. 23(i) of the Rate Notification should not be applicable.

The Applicant argues that accommodation service is classified under SAC 996311 and covered under several clauses of SI No. 7 of the Rate Notification. Although SAC 996311 is limited to the accommodation service provided by the hotels, guest house etc., the narration under SI No. 7 of the Rate Notification keeps scope for the suppliers like the Applicant who arrange such accommodation in hotels.

The Applicant further argues that support services covered under SI No. 23(iii) of the Rate Notification include services classified under SAC 998552. Services covered under SAC 998552 include arranging reservations for accommodation services for domestic accommodation, accommodation abroad etc. The Applicant's service may be classified under the above SAC also.

The concerned officer from the Revenue is of the view that the Applicant's service as above is

classifiable under SAC 9985 as tour operating service procured from another tour operator. The bills issued indicate that the Applicant charges inclusive of accommodation and transportation required for such tours.

Decision of Advance Ruling Authority :**Decision**

The Ruling held is as follows- The Applicant, if arranges for clients only accommodation in hotels, is supplying a service classifiable under SAC 998552. It is taxable under SI No. 23(iii) of the Rate Notification, and the Applicant is eligible to claim the input tax credit as admissible under the law.

Accommodation service under SAC 996311 is limited to the one provided by the hotels, guest house etc. SI No. 7 of the Rate Notification refers to the accommodation service as classified under SAC 996311, and, therefore, leaves no room for the suppliers like the Applicant who arrange such accommodation in hotels. The Applicant's supply is specifically covered and, therefore, classifiable under SAC 998552.