

GIB/KN/Carnation/16.09.2019/AAR-344

Advance Ruling Category : Taxability

State : Karnataka

Order No.: GIB/KN/Carnation/16.09.2019/AAR-344

Name of Entry :
Carnation Hotels Pvt. Ltd

Date : 16-09-2019

Breif Issue :

Facts & Issue Of The Case :

The applicant is having a registered office and is proposing to operate hotels and rent out rooms to the employees of the SEZ units. The service rendered by the hotels are entirely consumed at the premises itself. The applicant had sought advance ruling on the following issues:

- Whether accommodation service proposed to be rendered by the applicant to SEZ units are liable to CGST and SGST or IGST ?
- If the accommodation service to SEZ are covered under IGST Act, can these be treated as zero rated supplies and the invoice be raise without charging Tax after executing LUT under section 16 ?

Supply of goods or services or both to a Special economic Zone developer or a Special Economic Zone unit are treated as zero rated supply in terms of section 16(1) (b) of IGST Act, 2017. In accordance with rule 46 of CGST rules, the invoice shall carry an endorsement “supply meant for export /supply to SEZ unit or SEZ Developer for authorized operation under bonds or letter of undertaking without payment of Integrated tax as the case may be.

The supply of accommodation services provided to a SEZ unit would be treated as a Zero rated supply and this is subject to the provisions of section 17(5) of the CGST Act.

Decision of Advance Ruling Authority :

Decision :

The accommodation service proposed to be rendered by the applicant to SEZ units are covered under the IGST as it is an inter-state supply as per section 7(5)(b) of Integrated Goods and Service Act, 2017.

Since, the accommodation service supplied to an SEZ are covered under IGST Act, the same can be treated as zero rated supplies and the invoice can be raised without charging Tax after executing LUT under section 16.