

GIB/AP/Laxmi Tulasi/05.05.2020/AAR-359

Advance Ruling Category : Exemption

State : Andhra Pradesh

Order No.: GIB/AP/Laxmi Tulasi/05.05.2020/AAR-359

Name of Entry :

M/S. LAKSHMI TULASI QUALITY FUELS

Date : 05-05-2020

Breif Issue :

Facts & Issue Of The Case :

The applicant M/s. Lakshmi Tulasi Quality Fuels are registered taxable person. It is engaged in supply of petroleum oils and lubricants. The applicant has entered into a lease agreement with a company incorporated under the provisions of the Companies Act, 2013 which is inter alia engaged in the business of running, managing and operating the day to day affairs of residential premises and sub lease of such residential premises to individuals (including students) for the purpose of long stay accommodation.

As per the terms of the Lease agreement, in consideration of grant of lease to use and possess the aforesaid property, the lessee is required to pay to the applicant a monthly rent of ? 7,20,000/- and all operational costs such as electricity, telecom and water charges as per the actual meter reading or based on the invoice or the bill issued by the relevant authorities.

The applicant, seeking an advance ruling in respect of :

Whether the applicant is eligible for the exemption from payment of GST on the monthly rentals received by her on lease of her residential building at Telangana to D-Twelve Spaces Private Limited, as per Sl.No.13 of the Notification No.9/2017 Dated 28-6-2017.

The applicant claims that she has rented out residential dwelling for use as residence, it appears that the premise is a non-residential property. Considering the number of rooms and amenities provided in it, boarding and hospitality services extended to the inmates and all the clauses of the agreement, it appears that the building was constructed for the purpose of running a lodge house. It is clear that the lessee is engaged in commercial activity of renting of rooms in the dwelling and providing boarding and hospitality services to the inmates.

Decision of Advance Ruling Authority :

Decision :

The classification of service provided by M/s. Lakshmi Tulasi Quality Fuels, is covered under SAC

997212 and hence under entry no.16 of Notification No.8/2017 (Integrated Tax)(Rate), Dt:28-6-2017, liable to IGST @ 18%.

The entry No.13 of Notification No.9/2017 (Integrated Tax) (Rate) Dated 28-6-2017 - “services by way of renting of residential dwelling for use as residence” is not applicable to the present case on hand.