

GIB/RJ/RAMBAGH PALACE HOTELS/30.04.2019/AAR-185

Advance Ruling Category : Input Tax Credit

State : Rajasthan

Order No.: GIB/RJ/RAMBAGH PALACE HOTELS/30.04.2019/AAR-185

Name of Entry :

Rambagh Palace Hotels (P.) Ltd.

Date : 30-04-2019

Breif Issue :

Fact of the Case :

The applicant is a five-star deluxe heritage hotel engaged in hospitality business operated under brand name "Taj". Services provided by applicant are taxable supplies and subject to levy of GST. The major portion of expense is towards repair and maintenance of the hotel and thus, the applicant through this application seeks guidance on the availability of ITC or not.

Issues Involved :

Applicant has sought advance ruling in respect of ITC when GST

Paid on building material, carrying out repair of building, repair of furniture and fixtures, and works are carried out in a composite manner as a works contract, GST paid on Electrical fittings also GST on labour supply for carrying out repair of electrical installation and sanitary fittings.

Decision of Advance Ruling Authority :

Decision:

The relevant portion of sub-section 5 of Section 17 of CGST/SGST Act, 2017 in this regard is reproduced below: -

5.(c) works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service;

5. (d) goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

Explanation. -For the purposes of clauses (c) and (d), the expression "construction" includes re-construction, renovation, additions or alterations or repairs, and work contracts to the extent of capitalisation, to the said immovable property;'

But Furniture& Fixtures are not immovable property ITC will be available according to provision u/s 16 of CGST Act but in this case furniture and fixtures are fixed or immobilized and considered as a part of construction activity then ITC u/s 17 of CGST Act will not be available.