

GIB/RJ/CROWN/26.11.2019/AAR-236

Advance Ruling Category : Classification

State : Rajasthan

Order No.: GIB/RJ/CROWN/26.11.2019/AAR-236

Name of Entry :
Crown Tours and Travels

Date : 26-11-2019

Breif Issue :

Issue & Fact of the Case:

Whether the 'Ancillary Services' provided to various tour operators falls under Chapter heading 9985 as (i) Supply of Tour Operator Service or, as (iii) Support Services?

What is the applicable tax rate for ancillary services provided to various tour operators?

The applicant is engaged in business of providing Tour Operator as well as 'Support Services. Applicant provide various activities like Elephant/ Camel ride, Boat ride, Guide services, local sightseeing, dinner/lunch at local restaurant etc. For each such service no separate invoice is issued to the tourist and one consolidated bill is raised by the Applicant to the tour operator.

supply of Tour Operator Services is classified under Heading 9985 as Support Services vide N/N 11/2017-CT(Rate) dated 28.06.2017. As per the said Rate Notification, the rate of tax for supply of tour operator services has been specified at the rate of 2.5% under Heading 9985(i). The rate specified for other support services under Heading 9985(iii) is 9%. Similar rates have been prescribed under Rajasthan Goods and Services Tax Act, 2017.

As per N/N 11/2017-CT(Rate) dated 28.06.2017 the, the rate of 5% under Heading 9985(i) can be availed in following cases: -

- i. ITC in respect of goods and services used in supplying the service has not been taken except in case where ITC is in respect of input services in same line of business i.e. Tour operator service procured from another tour operator,
- ii. The bill issued by the supply for this services indicates that it is inclusive of charges of accommodation and transportation required for such a tour and the amount charged in the bill is the gross amount charged for tour including the charges for accommodation and transportation required for such tour.

As per N/N 11/2017-CT(Rate)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.

Tour is understood as tourists, usually taken in groups by the tour operator by any mode of transport from one place to another and, en route or at the terminal place, local sight-seeing trips (including visits to zoo, museum, monuments and other historic spots etc.), visits to temples or other places of worship, boat cruising in lakes, trips to hill resorts, etc. Thus, tours are organized or facilitated for the tourists by the tour operator.

In the present case applicant charged gross amount for the entire tour however applicant does not charge anything for accommodation and transportation services. Thus the applicant does not satisfy the conditions for 'tour operator' and services provided by the applicant cannot be treated as "Tour Operator Services" in terms of N/N 11/2017-CT(Rate) dated 28.06.2017.

Decision of Advance Ruling Authority :

Decision

It was held that the 'Ancillary Services' provided by the applicant to various tour operators falls under Chapter heading 9985 (iii) {Support Services} of Notification No. 11/2017 Central Tax (Rate) dated 28.06.2017(as amended) and the applicable rate of GST for ancillary services provided by the applicant to various tour operators is 18% (SGST 9% + CGST 9%).

The applicant does not satisfy the conditions for 'tour operator' and services provided by the applicant cannot be treated as "Tour Operator Services" in terms of Notification No. 11/2017 Central Tax (Rate) dated 28.06.2017. So, the services provided by the applicant are not Tour Operator Service' but Support Services classifiable under Serial No. 23 [(SAC 9985(iii)] of Notification No. 11/2017 Central Tax (Rate) dated 28.06.2017.