

**GST : Where assessee was an outdoor caterer because services in connection with catering were being provided by it at a place other than place of assessee, supply of services by assessee would be covered under Sr. 7(v) of Notification No. 11/2017-Central Tax (Rate) dated 28-6-2017, as amended, issued under Central Goods and Services Tax Act, 2017 and Notification No. 11/2017-State Tax (Rate) dated 30-6-2017, as amended, issued under the Gujarat Goods and Services Tax Act, 2017, attracting Goods and Service Tax at the rate of 18 per cent (CGST 9 per cent + SGST 9 per cent)**

• Taxability or the charge of tax does not depend on whether and to what extent the person engaging the service consumes the edibles and beverages supplied, wholly or in part. What is material is whether the service of an outdoor caterer is provided to another person and once it is, as in the instant case, the charge of tax is attracted.



**[2018] 93 taxmann.com 309 (AAR-GUJARAT)**  
**AUTHORITY FOR ADVANCE RULINGS, GUJARAT**  
**Rashmi Hospitality Services (P.) Ltd., *In re***  
**R.B. MANKODI AND G.C. JAIN, MEMBER**  
**ADVANCE RULING NO. GUJ./GAAR/R/2018/8**  
**MARCH 21, 2018**

**Mehul P. Buch** *for the Applicant.*

**RULING**

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*The Applicant M/s. Rashmi Hospitality Services Private Limited has submitted that the applicant is having business of caterers and supply food, beverages and other eatables (non-alcoholic drinks) complete services at various places of their customers who have in house canteens at their factories. The applicant submitted that applicant normally charges GST @ 18% classifying their services under heading 9963 as outdoor catering.*

*2. The applicant has submitted that one of the customer, who is recipient of services, has given the contract for catering services to be provided to the staff and premise for services to be provided for canteen has also been made available to the applicant, which is non Air-conditioned. The said customer has asked the applicant to charge GST @ 12%, therefore, the applicant has requested for advance ruling as to whether rate of tax on their supplies made to the recipient would be 12% or 18%. The applicant has submitted copy of agreement entered into between them and the client.*

*3.1 The applicant, vide letter dated 18.01.2018 submitted that applicant is industrial canteen contractor providing catering services to manufacturing industries which is statutory canteen maintained under law and their service recipient has asked to charge GST @ 5% on service based on clarification delivered by Tax Research Unit, Department of Revenue vide Circular issued from F.No. 354/03/2018 (Circular No. 28/02/2018-GST dated 08.01.2018).*

*3.2 The applicant further submitted that the definition of 'Outdoor Caterer' under Finance Act, 1994 was as under -*

*"Outdoor caterer" means a caterer engaged in providing services in connection with catering at a place*

*other than his own but including a place provided by way of tenancy or otherwise by the person receiving such services. "*

**3.3** *The applicant further submitted that viewing the above clarification, it is admitted fact that statutory body have to provide food and beverage to their staff and the applicant is the outside contractor providing the service to statutory body, hence whether the above clarification is applicable to them, and what should be the tax rate before the said notification and after notification.*

**4.1** *The Goods and Services Tax and Central Excise Commissionerate, Kutch (Gandhidham) inter-alia informed that the question under consideration is whether the service provided by the applicant to the client is classifiable under chapter 996311 or otherwise and GST is applicable @ rate 12% or 18%. It is submitted that it is understood that the problem is to confirm the classification of services provided by the applicant as beverage service / canteen service to their customers, because of multiple classifications of services under Chapter Heading 9963, sub-clause (i) to (ix). Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 is referred and it is submitted that as per Sr. No. 71 of Annexure of the said Notification, 'Accommodation, food and beverage services' falling under Chapter Heading 9963 and under this Chapter Group 99631 & 99632 pertains to Accommodation services and other accommodation services. Group 99633 pertains to food, edible preparation, alcoholic & non-alcoholic beverages serving services. It is further submitted that as per GST Tariff, a special entry is available in respect of the services provided in canteen and other similar establishments at Sr. No. 83 of the same Annexure and the same are covered under Chapter Heading 996333 and GST @ rate of 18% is applicable on that service.*

**4.2** *It is further submitted that as per contract made between the applicant and the client, the canteen space and all equipments have been provided by the client to the applicant and the applicant is only providing the services pertaining to Food, edible preparation service. It is opined by the Commisionerate that the activity carried out by the applicant appears to be in the nature of cooking of Foods and serving of foods along with edible preparations and it is classifiable as services provided in canteen and other similar establishments (Chapter Heading 996333).*

**4.3** *It is further opined by the Commissionerate that as per classification of services provided vide Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, the activity carried out by the applicant appears to be in the nature of service provided in canteen and other similar establishments and also classifiable under Chapter Heading 996333 and GST @ rate of 18% is applicable on that service. It is further submitted that the question raised by the applicant in the authority of advance ruling is not covered in the category of advance ruling as the catcgory of service is very much clear in the Chapter Note 996333.*

**5.** *We have considered the submissions made by the applicant in their application for advance ruling and further submission vide letter dated 18.01.2018 as well as submissions made at the time of personal hearing. We have also considered the information and views of the Goods & Services Tax and Central Excise Commissionerate, Kutch (Gandhidham).*

**6.** *The issue involved in this case is regarding appropriate rate of Goods and Services Tax applicable on the services provided by the applicant.*

**7.1** *As per the agreement entered into between the applicant and the client, the applicant is required to perform the activity of running of canteen and its total affairs, including supply of Snacks, Tea, Lunch and Dinner to the employees / workers of the company and the company would pay the applicant as per System / Manual Record availing Canteen meal. It is also agreed that the company would pay agreed rate per card punch for using the 'Normal Meal', per card punch for 'Special Meal', and would pay in cash per piece for snacks and per cup of Tea. It is also agreed that VAT & Service Tax would be paid*

extra, as applicable. It has also been stipulated that the menu would be decided by the canteen committee from time to time, which will consists of 'limited' and 'unlimited' items as stipulated in the agreement.

7.2 Sr. No. 7 of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended, issued under the Central Goods and Services Tax Act, 2017 (herein after referred to as the 'CGST Act, 2017') and Notification No. 11/2017-State Tax (Rate) dated 30.06.2017, as amended issued under the Gujarat Goods and Services Tax Act, 2017 (herein after referred to as the 'GGST Act, 2017') provides different rates for different types of services under 'Accommodation. Food and beverage services' of Heading 9963.

Sl. No.	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
7	Heading 9963	(i) Supply, by way of or as part of any service or in any other manner (Accommodation, I whatsoever, of goods, being food or any food and beverage other article for human consumption or services)   drink, where such supply or sendee is for cash, deferred payment or other valuable consideration, provided by a restaurant, eating joint including mess, canteen, whether for consumption on or away from the premises where such food or any other article for human consumption or drink is supplied, other than those located in the premises of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having declared tariff of any unit of accommodation of seven thousand five hundred rupees and above per unit per day or equixsfent. Explanation. - "declared tariff" includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air-conditioner, refrigerators or any other amenities, but without excluding any discount offered on the published charges for such unit.	2.5	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken [Please refer to Explanation no. (iv)]
		(ii) .....	6	-
		(iii) .....	9	-
		(iv) * * * * *	*	9
		(v) Supply, by way of or as part of any service or in any other manner whatsoever in outdoor catering wherein goods, being food or any other article for human consumption or any drink (whether or not alcoholic liquor for human	9	

consumption), as a part of such outdoor catering and such supply or service is for cash, deferred payment or other valuable consideration.

(vi) .....	9
(vii) .....	9
(viii) .....	14
(ix) .....	9

The relevant part of the said Sr. No. 7 of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended, relevant for examining the present issue, is as follows :

**7.3** Government of India, Ministry of Finance, Department of Revenue (Tax Research Unit), vide Circular No.; 28/02/2018-GST dated 08.01-2018, has issued clarification regarding GST on college Hostel Mess Fees as follows:-

"2. The educational institutions have mess facility for providing food to their students and staff. such facility is either run by the institution/students themselves or is outsourced to a third person, supply of food or drink provided by a mess or canteen is taxable at 5% without Input tax Credit [serial No. 7(i) of notification no. 11/2017-CT (Rate) as amended vide notification no. 46/2017-CT (Rate) dated 14.11.2017 refers] It is immaterial whether the services provided by the educational institutions itself or the institution outsources the activity to an outside contractor".

**8.1** It therefore needs to be examined whether the activity undertaken by the applicant is in the nature of supply of service provided by a restaurant eating joint including mess, canteen and covered by serial no. 7 (i) of the notification no. 11/2017-Central Tax (Rate) or it is in the nature of supply of service as a part of outdoor catering and covered by serial 7 (v) of the notification no. 11/2017-Central Tax (Rate).

**8.2** on perusal of the copy of the agreement submitted by the applicant, it is evident that the service recipient has engaged the applicant for running of the canteen for their workers/employees. the rates for the meal, snacks, tea have been fixed and payable by the recipient the menu is required to be decided by the canteen committee of the recipient it is therefore evident that the applicant, who is caterer, is providing service from other than his own premises to the recipient. therefore, the nature of service provided by the applicant is that of outdoor catering service.

**8.3** even though the meals, snacks, teas are provided to and consumed by the workers / employees of the recipient, it is clear from the foregoing discussion that the applicant is providing service to the recipient and no to the workers /employees of the recipient from the nature of service provided by the applicant, as is evident from the copy of agreement, it is clear that it is not in the nature of service provided by a restaurant, eating joint including mess, canteen. Therefore, the clarification issued vide Circular No. 28/02/2018-GST dated 08.1.2018 is not applicable.

**8.4** The Applicant has submitted in the application that applicant is having business of caterers and supply food, beverages and other eatables (non-alcoholic drinks) complete services at various places of their customers who have in house canteens at their factories. The applicant has also submitted that applicant normally charges GST @ 18% classifying the services under heading 9963 as outdoor catering.

**9.1** In erstwhile Service Tax regime, a similar issue was decided by Hon'ble High Court of Allahabad in the case of Indian Coffee Workers' Co-Op. Society Ltd. v. CCE & ST, Allhabad [2014 (34) S.T.R. 546 (AH.)], wherein it was held as follows -

**8.** Analyzing the provisions of clause (24) of Section 65 of the Finance Act, 1994, in order to be a caterer, a person should be one who supplies food, edible preparations, beverages (alcoholic or

*non-alcoholic) or crockery and similar articles or accoutrements for any purpose or occasion. The supply may be made directly or indirectly. Consequently, there has to be, firstly, a supply of food, edibles, beverages or crockery and similar articles or accoutrements. Secondly, this supply may be for any purpose or occasion.' A purpose is an effectuation of a particular object. An occasion is an event defined with reference to time which may take place either as an isolated occurrence or be sporadic or periodical. Thirdly, the supply may be directly by the person himself or indirectly through another. In order to be an outdoor caterer within the meaning of clause (76a), a person must, at the outset, be a caterer. Clause (76a) provides a statutory definition of who is regarded as an outdoor caterer. A caterer is an outdoor caterer because services in connection with catering are provided at a place other than his own. The use of the expression 'in connection with catering' broadens the ambit of the definition by bringing within its purview not merely a service of catering but a service which has a connection with catering. The place where the service is to be provided must be a place other than that of the caterer himself. The inclusive part of the definition includes a place which may be provided to the caterer by the person receiving the service either by an agreement of tenancy or otherwise.*

**9.** *In the present case, the assessee is a caterer. The assessee is a person who supplies food, edibles and beverages for a purpose. The purpose is to cater to persons who use the facility of a canteen which is provided by NTPC or, as the case may be, by LANCO within their own establishments. NTPC and LANCO have engaged the services of the assessee as a caterer. The assessee is an outdoor caterer because the services which he provides as a caterer are at a place other than a place of his own. The place is provided by NTPC and LANCO. The inclusive part of clause (76a) expands the definition to a place provided by way of tenancy or otherwise by the person receiving such services. NTPC and LANCO have engaged the services of the assessee as an outdoor caterer and the assessee is an outdoor caterer because services in connection with catering are provided by it at a place other than a place of the assessee.*

**10.** *Consequently, on a plain and literal construction of the provisions of Section 65(105)(zzt) read with the definitions of the expressions 'caterer' and 'outdoor caterer' as contained in clauses (24) and (76a), it is evident that the assessee is subject to the levy of Service Tax. The assessee provides to any person, to wit, NTPC or LANCO, the service of an outdoor caterer. In our view, there is a fundamental fallacy in the submission of the assessee that it should be held not to fall within the definition of the expression 'outdoor caterer' on the ground that the food, edibles or beverages are provided not to NTPC or LANCO but to their employees, customers and guests. That, in our view, begs the question. The taxable catering service cannot, in our view, be confused with who has actually consumed the food, edibles and beverages which are supplied by the assessee. Taxability or the charge of tax does not depend on whether and to what extent the person engaging the service consumes the edibles and beverages supplied, wholly or in part. What is material is whether the service of an outdoor caterer is provided to another person and once it is, as in the present case, the charge of tax is attracted.*

**9.2** *The expression 'outdoor catering' has not been defined under the CGST Act, 2017 / GGST Act, 2017 or the notifications issued there under. Nevertheless, the observations made in the aforesaid judgement of the Hon'ble High Court are relevant for deciding the present issue. In the said judgement, the Hon'ble High Court has observed that the taxable catering service cannot be confused with who has actually consumed the food, edibles and beverages which are supplied-by the-assessee: It is also held that the-taxability or the charge of tax does not depend on whether and to what extent the person engaging the service consumes the edibles and beverages supplied, wholly or in part.*

**9.3.** *In the present case also, the service of catering is provided by the applicant to the recipient and the fact that the meal, snacks, tea etc. are consumed by the workers / employees of the recipient would*

*not alter the nature of service provided by the applicant.*

**10.** *In view of the foregoing, we rule as under -*

***RULING***

*The supply of services by M/s. Rashmi Hospitality Services Private Limited (GSTIN 24AACCR5234Q1Z2) is covered under Sr. 7(v) of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, as amended, issued under the Central Goods and Services Tax Act, 2017 and Notification No. 11/2017-State Tax (Rate) dated 30.06.2017, as amended, issued under the Gujarat Goods and Services Tax Act, 2017, attracting Goods and Service Tax @ 18% (CGST 9% + SGST 9%).*

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