

GST: Service of rental or leasing involving own or leased non-residential property is classified under heading (SAC) 997212 and is taxable under GST, further, no specific exemption is available under any notification for time being in force for said services, also there is no provision available in Act which allows exemption on an input service if output service provided by taxable person is exempt and, thus, GST is leviable on rent paid/payable for premises, taken on lease by applicant - hospital, catering, life saving services



[2018] 93 taxmann.com 419 (AAR-KARNATAKA)
AUTHORITY FOR ADVANCE RULINGS, KARNATAKA
Tathagat Health Care Centre LLP, *In re*
HARISH DHARNIA AND DR. RAVIPRASAD, MEMBER
ADVANCE RULING NO. KAR ADRG 4 OF 2018
MARCH 21, 2018

RULING

1. M/s. Tathagat Heart Care Centre LLP, having registered address at # 12/2, 4th Floor, K M P House, Yamunabai Road, Madhavanagar, Bangalore -560 001 and correspondence address at # 31/32, 'A' Block, 1st Floor, Crescent Road, Bangalore - 560001, are registered taxable person, holding GSTIN number 29AAKFT1751D1Z5, have filed an application, on 27.01.2018, for advance ruling under Section 97 of CGST Act,2017, KGST Act, 2017 & IGST Act, 2017 read with rule 104 of CGST Rules 2017 8s KGST Rules 2017, in form GST ARA-01. They enclosed copy of challan for Rs. 10,000/- bearing CIN number PUNB18012900027179 dated 05.01.2018 towards the fee for advance ruling and hence the same is admitted.

2. The applicant is a cardiology specialised hospital running on a premises taken on lease. They are providing cardiology related, life saving, health care services to the patients and the said output services are exempt from GST. They have taken premises of one floor on rental basis from existing building of Mallige Hospital for heart Care Services only.

3. The applicant sought advance ruling on the question/issue that "**Whether GST is leviable on the rent payable by a Hospital, catering life saving services?**"

PERSONAL HEARING:/PROCEEDINGS HELD ON 09.02.2018.

4. Dr.Mahantesh Charanthimath, Chairman and Managing Director of the applicant concern appeared and filed written submissions presenting the following:

- (a) That the business enterprise is a Cardiology specialised hospital which is catering to life saving services and the hospital has taken the premises on lease and running exclusive heart care centre.
- (b) That during the service tax regime, the rent, on the room service provided to the heart care patients undergoing treatment, was exempt from service tax under notification no. 25/2012 ST dated 20-06-2012.
- (c) That in the GST regime, hospital services are all exempt from GST. Hence the hospital does not have any output service tax to set off against the input

tax arising from payment of GST on rent.

- (d) The applicant want to know whether the rent paid or payable by the hospital is exempt from GST.

FINDINGS & DISCUSSION:

5. We have considered the submissions made by the Applicant in their application for advance ruling as well as the written submissions made by Dr. Mahantesh during the personal hearing. We also considered the question/issue on which advance ruling is sought by the applicant, relevant facts having bearing on the question/issue raised, the applicant's understanding/interpretation of law in respect of the issue.

6. The Applicant sought advance ruling on the question that whether GST is leviable on the amount of rent paid/payable by them towards leasing of the premises by the hospital or not, which clearly falls under the purview /jurisdiction of this authority under Section 97(2) (e) of the CGST Act, 2017.

7. Renting in relation to immovable property is defined at 2(zz) of the Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 as

(zz) "renting in relation to immovable property" means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property;

The Applicant has taken the premises on lease and running exclusive heart care centre 65 providing health care services on commercial basis.

The impugned service of *Rental or leasing services involving own or leased non-residential property* is classified under the heading (SAC) 997212 and is taxable under GST. Further no specific exemption is available under any notification for the time being in force for the said service. Also there is no provision available in the Act which allows exemption on an input service if the output service provided by the taxable person is exempt.

8. In view of the foregoing, we rule as under :

RULING

GST is leviable on the rent paid/payable for premises, taken on lease by the applicant.

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