
	<b>RAJASTHAN</b> <b>AUTHORITY FOR ADVANCE RULING</b> <b>GOODS AND SERVICES TAX</b>  <b>KAR BHAWAN, AMBEDKAR CIRCLE,</b> <b>NEAR RAJASTHAN HIGH COURT</b> <b>JAIPUR – 302005 (RAJASTHAN)</b>	
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**ADVANCE RULING NO. RAJ/AAR/2022-23/04**

Vikas Kumar Jeph Additional Commissioner	: Member (Central Tax)
M. S. Kavia Additional Commissioner	: Member (State Tax)
Name and address of the applicant	: M/s Mody Education Foundation, NH-11, Laxmangarh, Distt. Sikar (Rajasthan) - 332311
GSTIN of the applicant	: 08AAHCG0218N1ZI
Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised	: (a) Classification of any Goods or Service or Both (b) Applicability of a Notification issued under the Provisions of this Act; (c) Determination of the time and value of supply of goods or services or both; (e) Determination of the Liability to pay tax on any goods or services or both.
Date of Personal Hearing	: 12.04.2022 & 28.04.2022
Present for the applicant	: Ritul Patwa, C.A. (Authorised Representatives)
Date of Ruling	: 19.05.2022

**Note:** Under Section 100 of the CGST/SGST Act, 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under section 99 of CGST/SGST Act, 2017, within a period of 30 days from the date of communication of this order.

At the outset, we would like to make it clear that the provisions of both the CGST Act and the SGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the SGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / SGST Act would be mentioned as being under the "GST Act".

The issue raised by M/s Mody Education Foundation, NH-11, Laxmangarh, Distt. Sikar (Rajasthan) - 332311 (hereinafter the applicant) is fit to pronounce advance ruling as it falls under the ambit of the Section 97(2) (a), (b), (c) & (e) given as under: -

- (a) Classification of any Goods or Service or Both
- (b) Applicability of a Notification issued under the Provisions of this Act;
- (c) Determination of the time and value of supply of goods or services or both;
- (e) Determination of the Liability to pay tax on any goods or services or both.

Further, the applicant being a registered person (GSTIN is 08AABTM0215E1Z5 as per the declaration given by him in Form ARA-01) the issue raised by the applicant is neither pending for proceedings nor proceedings were passed by any authority. Based on the above observations, the applicant is admitted to pronounce advance ruling.

**A. SUBMISSION OF THE APPLICANT:(in brief)**

- That Mody Education Foundation (MEF), having its registered office at Kanchanjungha (7th Floor), 18- Barakhambha Road, New Delhi- 110001 (herein after referred as applicant) is Society registered under Societies Registration Act, 1860 with Registration No. S-10560/1986 (date of Registration – 27-02-1986).
- That Mody Education Foundation is registered as a Public Charitable Trust u/s 12AA of the Income Tax Act, 1961 having registration no. DLI(C)(I\_1178).
- That MEF is running a CBSE affiliated School from class 3rd to 12th at NH-11, Laxmangarh, Distt. Sikar (Rajasthan) - 332311. MEF is registered under GST law having GSTIN 08AABTM0215E1Z5. MEF is also the Sponsoring body of Mody University of Science & Technology;
- That Mody University of Science & Technology (herein after referred as MUST) is a university established u/s 2(f) of the UGC Act, 1956 and providing educational services to its Students (Girls Students Only). MUST is registered u/s 10(23)(c) of the Income Tax Act, 1961 vide registration no. AAAJM1982F/08/14-15/T-0011/10(23C)(iv)/ITAT. MUST is also registered under GST law having GSTIN-08AAAJM1982F1Z4.
- That MEF has surplus infrastructure facilities after utilization thereof for its own activities which includes Hostels Rooms;
- That the surplus infrastructure which includes Academic & Office Building, certain Hostel Buildings and Dining Hall, has been currently let out to MUST for use and GST being charged by MEF on the Rental Charges for the aforesaid infrastructure along with GST @18%;
- That University is considering a proposal to discontinue the use of Hostel Building as it is finding it difficult to maintain and operate the same. Hence, Hostel Buildings are proposed to be returned back to MEF;
- That MUST will continue to run and operate the Dining Hall and other facilities for its students, for which it will continue to pay Rent to MEF along with the Applicable GST i.e. 18% at present;
- That MEF is considering a proposal to directly allow the students of MUST, to use the 'Hostel Accommodation' in its surplus Hostel Rooms, which includes only Hostel Seat Accommodation but does not include (i.e. exclude) serving Meals (Food & Beverages) to the students of MUST;

- That for the aforesaid Hostel Accommodation Service: MEF will directly charge 'Accommodation Charges' from the students of MUST;
- That MUST will continue to collect Fees from its students for all services other than Hostel Accommodation like Education, F&B etc, on which GST is not charged being exempt under Sr. No. 66 of Notification No. 12/2017 dated 28-06-2017 as amended;
- That the 'Hostel Accommodation Charges' shall be based on the type of 'Hostel Seat' opted by the student of MUST. Following FOUR categories of Hostel Seats are being offered by MEF for the students of MUST:-
  - i) Hostel Seat in a Single Occupancy A.C. Room;
  - ii) Hostel Seat in a Single Occupancy Non A.C. Room
  - iii) Hostel Seat in a Double Occupancy A. C. Room;
  - iv) Hostel Seat in a Double Occupancy Non A. C. Room;
- That the amount to be charged by MEF from the students of MUST for Hostel Accommodation Charges shall be based on per 'Hostel Seat', which shall be less than Rs. 1000/- per day. The Hostel Accommodation Charges shall be collected for the entire year either as one-time payment or in Installments.
- Earlier Application for Advance Ruling & its Result:-
  - i) That MEF has earlier applied before the Rajasthan Authority for Advance Ruling (AAR) vide ARN No. AD0810200100823 dated 30/10/2020 to seek an Advance Ruling in respect of the following matter:-
 

*"Whether Hostel facility which includes Lodging and Boarding service provided by MEF to the students of MUST having value of service upto Rs 1000/- per day would be eligible for exemption under entry no. 14 of the notification 12/2017 CTR Dt 28-06-2017?"*
  - ii) That the AAR has passed its order vide Advance Ruling No. RAJ/AAR/2021-22/02 dated 07-07-2021 given following ruling:-
    - a) The Unit of Accommodation is Room; and
    - b) Hostel Accommodation with F&B Services is a mixed supply and liable to highest rate of GST
  - iii) That MEF has appealed against the ruling of the AAR vide Application No. AD0808210014487 dated 06-08-2021, against which the Hon'ble Rajasthan Appellate Authority for Advance Ruling (AAAR) has passed Order No. RAJ/AAAR/01/2021-22 dated 27-10-2021, confirming following position under Law:-
    - a) Hostel Seat shall be considered as a Unit of Accommodation in case of the Appellant i.e. MEF (Refer; Para 8.7 on Page 11 of the Order); and
    - b) Accommodation Service along with F&B shall be considered as Mixed Supply and liable to highest rate of Tax (Refer: Para 8.8 on Page 11 of the Order);



• **Key Features of Proposed Hostel Accommodation Service:-**

Key Features of the proposed Hostel Accommodation Service to be provided by MEF to the students of MUST are as follows:-

- i) Only 'Hostel Accommodation' will be provided by the MEF to the students of MUST, for which MEF will directly charge Hostel Accommodation Charges from the students of MUST;
- ii) No other services like Education, supply of Food and Beverages (F&B) etc shall be provided by MEF to the students of MUST;
- iii) MUST will continue to provide and collect Fees from its students for all services other than Hostel Accommodation like Education, F&B etc, for which it will charge its students accordingly and MEF will not be involved in the same;

**APPLICANTS INTERPRETATION OF LAW**

The submission on the Legal Provisions related to Hostel Accommodation Service without being clubbed with any other service like serving of Food and Beverages are as below:-

**1. Classification of Hostel Accommodation Service**

In respect of the classification of the Hostel Accommodation Service provided by Trusts to students covered within the definition of charitable activities, CBIC has clarified at S. No. 1 of Circular No. 32/06/2018-GST dated 12-2-2018 and reproduced below for ready reference:-

**TABLE 1**

S. No.	Issue	Clarification
1.	Is hostel accommodation provided by Trusts to students covered within the definition of Charitable Activities and thus, exempt under Sl. No. 1 of notification No. 12/2017-C.T. (Rate)?	Hostel accommodation services do not fall within the ambit of charitable activities as defined in para 2(r) of notification No. 12/2017-C.T. (Rate). However, services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent are exempt. Thus, <b>accommodation service in hostels including by Trusts having declared tariff below one thousand rupees per day is exempt. [Sl. No. 14 of notification No. 12/2017-C.T. (Rate) refers]</b>

Thus, an analysis of the above clarification by the CBIC, makes the **Hostel Accommodation Service** at par with the "Service by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purpose" which falls under **Service Accounting Code (SAC) – 9963**.

## 2. Applicability of Notification No. 12/2017-CT (Rate) and Tax Liability on Hostel Accommodation Service

The clarification given by CBIC at S. No. 1 of Circular No. 32/06/2018-GST dated 12-2-2018 (Refer – Table 1) is self-explanatory and by mere ‘Literal Construction’ of the language used by CBIC in its clarification, it is clear beyond doubts, that Sl. No. 14 of Notification No. 12/2017 - C.T. (Rate) is **applicable** on the Hostel Accommodation Service.

The verbatim of Sl. No. 14 of Notification No. 12/2017 - C.T. (Rate) is produced below for ready reference:-

**TABLE 2**

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
14	Heading 9963	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent.	Nil	Nil

**Thus, accommodation service in hostels including by Trusts having declared tariff below one thousand rupees per day is exempt.**

## 3. Value of Supply

Section 15(1) provides the ‘Value of Supply’ as below:-

*“15. (1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.”*

In the current case the total fees charged from the students as ‘Hostel Accommodation Charges’ should be treated as the Value of Supply, which is **less than Rs. 1000/- per day** for a ‘Unit of Accommodation’.

## 4. Clarification on ‘Unit of Accommodation’

In the case of Applicant, the ‘Boarding and Lodging charges’ shall be based on the type of ‘**Hostel Seat**’ opted by the student.

Following four categories of 'Hostel Seats' are being offered by MEF for the students of MUST:-

- i) Hostel Seat in a Single Occupancy A.C. Room;
- ii) Hostel Seat in a Single Occupancy Non A.C. Room;
- iii) Hostel Seat in a Double Occupancy A. C. Room;
- iv) Hostel Seat in a Double Occupancy Non A. C. Room;

**That in the case of the Applicant, The Hon'ble Bench of the Rajasthan Appellate Authority of Advance Ruling (AAAR), has already passed a ruling in favour of MEF in this matter vide its Order No. RAJ/AAAR/01/2021-22 dated 27-10-2021 (Copy of Order attached as Annexure – E), deciding that in case of MEF a 'Hostel Seat' shall only be the Unit of Accommodation, in para 8.7 of the aforesaid order, noted below for ready reference:-**

**8.7** Further the appellant has contested that in this case, the Unit of Accommodation is a 'Hostel Seat'. Per unit of accommodation has not been defined in GST anywhere. There is many ways to fix the tariff in the business of accommodation service. Authority for Advance Ruling has considered room as the unit of accommodation. In this regard we have contrary view as legislature has used the term 'per unit of accommodation' instead of other criteria. The word 'per unit of accommodation' should be understood as per general practice adopted by large number of service provider in similar business model. In hotels, generally it fixes per room, per suit whereas in hostels, inns and dharmshalas, it fixes per room, per bed, per seat and per person. From the facts mentioned by the appellant, it would emerge that they provides accommodation service in hostel and fix the tariff on the basis of hostel seat, therefore, we agreed the contention of appellant and finds that hostel seat should be considered as a unit of accommodation.

**Thus, by the aforesaid order of AAAR, it is settled that in case of Applicant i.e. MEF, the Unit of Accommodation shall be a 'Hostel Seat' and not a Room or Dormitory as a whole.**



**5 Hostel Accommodation Service is provided Independently and not Bundled with any other Service: -**

The Applicant (MEF) is exclusively providing the Hostel Accommodation Service in isolation and no other service is clubbed or bundled along with the Hostel Accommodation Service.

All other services including Education, Serving of Food and Beverages etc shall be directly provided by the Mody University of Science and Technology (MUST) to its students, for which they will separately charge from their students.

Thus, there is no question of Composite Supply u/s 2 (30) or Mixed Supply u/s 2(74) in the Case of the Applicant.

**B. QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT**

Whether Hostel Accommodation Charges per Hostel Seat provided by the Mody Education Foundation (MEF) to the students of Mody University of Science and Technology (MUST) having value of service upto Rs. 1000/- per day would be eligible for exemption under entry no. 14 of the notification no. 12/2017 dated 28-06-2017?

**C. PERSONAL HEARING**

In the matter personal hearings was granted to the applicant on 12.04.2022 & 28.04.2022. Shri Ritul Patwa, C.A. (Authorised Representatives) of applicant appeared for PH. During the PH, they reiterated the submissions already made in the application.

**D. COMMENTS OF THE JURISDICTIONAL OFFICER**

The Assistant commissioner, CGST Division-G, Sikar has submitted his comments vide letter dated 22.04.2022 which can be summarized as under:

- As per Entry No. 14 of the Notification No. 12/2017-CT (R) dated 28.06.2017 tax rate on "Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent" is NIL.
- CBIC vide Entry No. 1 of the Circular No. 32/06/2018-GST dated 12-2-2018, on issue "Is hostel accommodation provided by Trusts to students covered within the definition of Charitable Activities and thus, exempt under Sl. No. 1 of Notification No. 12/2017-C.T. (Rate)" has clarified that "Hostel accommodation services do not fall within the ambit of charitable activities as defined in para 2(r) of Notification No. 12/2017-C.T. (Rate). However, services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent are exempt. Thus,

accommodation service in hostels including by Trusts having declared tariff below one thousand rupees per day is exempt. [Sl. No. 14 of notification No. 12/2017-C.T. (Rate)].

- Further, Rajasthan Appellate Authority for Advance Ruling, CGST, vide its order No. RAJ/AAAR/01/2021-22 dated 27.10.2021 in respect of appeal filed by M/s Mody Education Foundation, Laxmangarh, Sikar has held that the term "Unit accommodation" is "Hostel Seat".
- In view of above, it appears that hostel accommodation charges per hostel seat provided by M/s Mody Education Foundation (MEF) to the student of M/s Mody University of Science and Technology (MUST) having value of service upto Rs. 1000/- per day would be eligible for exemption under Entry No. 14 of the Notification No. 12/2017-CT (R) dated 28.06.2017, with condition that this value should be in lieu accommodation facility only and should not be for mixed supply including food & beverage etc.

#### **E. FINDINGS, ANALYSIS & CONCLUSION:**

1. We have perused the records on file and gone through the facts of the case and the submissions made by the applicant as well as the department. On the basis of submission made, we are of the view that the applicant i.e Mody Education Foundation (MEF) having GSTIN 08AAHCG0218N1ZI is running a CBSE affiliated School from class 3rd to 12th at NH-11, Laxmangarh, Distt. Sikar (Rajasthan). The applicant is also the sponsoring body of M/s Mody University of Science & Technology (MUST) which is providing educational services to its Students. The applicant is also registered as a Public Charitable Trust u/s 12AA of the Income Tax Act, 1961.
2. On the basis of written submission provided by the applicant, we observed that applicant is considering a proposal to allow the students of MUST directly, to use the 'Hostel Accommodation' in its surplus Hostel Rooms, which includes only Hostel Seat Accommodation but does not include serving Meals (Food & Beverages) to the students of MUST. The applicant will directly charge 'Accommodation Charges' from the students of MUST for the aforesaid Hostel Accommodation Service. The 'Hostel Accommodation Charges' shall be based on the type of 'Hostel Seat' opted by the student of MUST. Following four categories of Hostel Seats are being offered by MEF for the students of MUST:-
  - iii) Hostel Seat in a Single Occupancy A.C. Room;
  - iv) Hostel Seat in a Single Occupancy Non A.C. Room
  - iii) Hostel Seat in a Double Occupancy A. C. Room;
  - iv) Hostel Seat in a Double Occupancy Non A. C. Room;
3. We observed that the amount to be charged by MEF from the students of MUST for Hostel Accommodation Charges shall be based on 'per Hostel Seat', which shall be less than Rs. 1000/- per day. The Hostel Accommodation Charges shall be collected for the entire year either as one-time payment or in Installments.



4. We also find that the Rajasthan Authority for Advance Ruling (RAAR) vide its earlier Advance Ruling No. RAJ/AAR/2021-22/02 dated 07-07-2021 has passed following ruling for the applicant: -

- a) The Unit of Accommodation is Room; and
- b) Hostel Accommodation with F&B Services is a mixed supply and liable to highest rate of GST

On being appealed by the applicant to the Rajasthan Appellate Authority for Advance Ruling (RAAAR), the appellate authority has passed Order No. RAJ/AAAR/01/2021-22 dated 27-10-2021 confirming following position under Law: -

- a) Hostel Seat shall be considered as a Unit of Accommodation in case of the Appellant i.e. MEF (Refer; Para 8.7 on Page 11 of the Order); and
- b) Accommodation Service along with F&B shall be considered as Mixed Supply and liable to highest rate of Tax (Refer: Para 8.8 on Page 11 of the Order);

5. Based on the comments offered by the jurisdictional officer in the present case, we observe that hostel accommodation charges per hostel seat provided by M/s Mody Education Foundation (MEF) to the student of M/s Mody University of Science and Technology (MUST) having value of service upto Rs. 1000/- per day would be eligible for exemption under Entry No. 14 of the Notification No. 12/2017-CT (R) dated 28.06.2017, with condition that this value should be in lieu accommodation facility only and should not be for mixed supply including food & beverage etc.

6. As per ruling passed by the Hon'ble Rajasthan Appellate Authority for Advance Ruling (RAAAR) vide Order No. RAJ/AAAR/01/2021-22 dated 27-10-2021, the appellate authority considered 'Hostel Seat' as a 'unit' in respect of Sr. No. 14 of Notification No. 12/2017- Central Tax (Rate), dated 28.06.2017.

7. Now, the applicant again filed this application seeking there-under exemption for their services under Sr. No. 14 of Notification No. 12/2017- Central Tax (Rate) as amended on the basis of fact that now they are providing the 'accommodation facility' only and not providing Food & Beverages to the students of MUST.

8. The question before the authority is that whether activity of providing the hostel facility by applicant on the rent to students of MUST is exempt (where hostel accommodation charges will be less than Rs.1000/- per Hostel Seat per day) under Sr. No. 14 of the Notification No.12/2017-Central Tax (Rate) (as amended time to time) dated 28.06.2017 or otherwise.

9. Before we delve deep to decide the case, it would be proper in the fitment of justice to discuss the relevant provisions of the statute which are as under-

9.1 First, the provision of hostel accommodation falls under 'Supply' as defined under Section 7 of the GST Act, 2017 which is as under-

*(1) For the purposes of this Act, the expression "supply" includes— (a) all forms of supply of goods or services or both such as*

sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

As the applicant is supplying accommodation services for a consideration of Rs. Less than 1000/- per day per Hostel seat in course of business, the activity falls under the definition of supply.

9.2 Concept of 'composite supply' under Section 2(30) of GST Act, 2017 defines 'composite supply' as under:

*"composite supply" means a supply made by a taxable person to a recipient consisting of **two or more taxable supplies** of goods or services or both, or any combination thereof, which are **naturally bundled and supplied in conjunction with each other in the ordinary course of business**, one of which is a **principal supply**;*

In view of above, we find that essential components of a composite supply are as under-

- two or more taxable supplies;
- services should be naturally bundled;
- supplied in ordinary course of business;
- one of the supply out of whole should be a principal supply.

We find that, the services supplied in the present case are single service and taxable under GST Act, 2017 and are supplied in ordinary course of business by the applicant. Hence, not falls under *"composite supply"*.

9.3 As the above said supply is not a Composite Supply, the facts of the case can be examined in respect of Mixed Supply. Mixed Supply has been defined in Section 2(74) of GST Act, 2017 as below-

*(74) "mixed supply" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.*

*Illustration.— A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately;*

In view of above, we find that essential components of a composite supply are as under-

- two or more individual supplies;
- supply of goods or services, or any combination thereof;
- made in conjunction with each other,
- such supply does not constitute a composite supply;

Further, tax liability on a mixed supply shall be determined as defined in Section 8 (b) of GST Act, 2017 which is as below-

*"a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax."*

In the present case, we observe that the applicant will provide single service of 'hostel accommodation' for a single price of less than Rs. 1000/- per Hostel Seat. Being single taxable service, the supply is not a Mixed Supply under GST.

In view of above, we find that supply of 'hostel accommodation service' by the applicant in the present matter is neither a composite supply nor a mixed supply. Rather it is a supply of 'residential or lodging service' at Hostel which would be provided to students of MUST.

10. Now we have to visit the classification of service of 'hostel accommodation'. We find that it is classifiable under HSN 996322 as provided under Annexure to Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017. The relevant portion of the said annexure is as below-

**ANNEXURE to 11/2017-CT (R) Dated 28.06.2017**

Sl. No.	Chapter, Section, Heading, or Group	Service Code (Tariff)	Service Description
(1)	(2)	(3)	(4)
76	Group 99632		Other accommodation services
77		996321	Room or unit accommodation services for students in student residences
78		996322	Room or unit accommodation services provided by Hostels, Camps, Paying Guest and the like
79		996329	Other room or unit accommodation services nowhere else classified

11. Further, the relevant portion of the exemption Notification No. 12/2017-CT (R) Dated 28.06.2017 is as below:

**Notification No. 12/2017-CT (R) Dated 28.06.2017**

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
14	Heading 9963	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for	Nil	Nil



		residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent.		
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12. Moreover, the relevant portion of CBIC's Circular No. 32/06/2018-GST dated 12<sup>th</sup>February, 2018 is as below-

Sl. No.	Issue	Clarification
1	Is hostel accommodation provided by Trusts to students covered within the definition of Charitable Activities and thus, exempt under Sl. No. 1 of notification No. 12/2017-CT (Rate).	Hostel accommodation services do not fall within the ambit of charitable activities as defined in para 2(r) of notification No. 12/2017-CT(Rate). However, services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent are exempt. <b>Thus, accommodation service in hostels including by Trusts having declared tariff below one thousand rupees per day is exempt.</b> [Sl. No. 14 of notification No. 12/2017-CT(Rate) refers]

13. On gone through of above exemption Entry No. 14 of the Notification No. 12/2017-CT (R) Dated 28.06.2017 as well as above discussed CBIC's Circular No. 32/06/2018-GST dated 12<sup>th</sup>February, 2018, we find that the description of service is user based, meaning that, if the accommodation is used for residential or lodging purpose then it is immaterial who the user is. The said entry mentions "Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes". The word 'hostel' not being specifically mentioned implies that the same would be covered under the term 'Whatever name called'. The services provided by such hostel, for residential or lodging purposes would be covered by the scope of notification entry where the declared tariff of a unit of an accommodation is below one thousand rupees per day. Therefore, the scope of the entry is restricted to use of the accommodation unit for residential and lodging purpose only. In consonance with the ruling passed by Hon'ble Rajasthan Appellate Authority for Advance Ruling (RAAAR) we also find that 'Hostel Seat' as an 'unit of accommodation' in the instant case.

14. In the instant case, we further find that the service of hostel is optional and not coming out from the package and separate consideration will be charged for providing such hostel facility to the students. In fact, the hostel fees are not a part of any package concerning commercial training & coaching services rendered by the applicant. The Applicant is exclusively providing the Hostel Accommodation Service in isolation and no other service is clubbed or bundled along with the Hostel Accommodation Service. Thus, there is no question of Composite Supply u/s 2 (30) of the GST Act or Mixed Supply u/s 2(74) of the GST Act in the Case of the Applicant.

15. The Entry No. 14 of Notification No. 12/2017-Central Tax (Rate) is analysed by us thoroughly. It says all services of SAC 9963 provided by such a supplier having a declared tariff of less than Rs. 1000-00 per day or equivalent would be exempt. As the applicant who is also registered as 'Charitable Trust' as per Form No. 10AC of the Income Tax Act, 1961 will charge less than Rs. 1000/- per 'Hostel seat' per day from students therefore, the said service is exempted from GST with a condition that this value should be in lieu accommodation facility only and should not be for mixed supply including food & beverage etc. Therefore, considering the provisions of Entry No. 14 of the Notification No. 12/2017-CT (R) Dated 28.06.2017 and clarification given by CBIC in Circular No. 32/06/2018-GST dated 12th February 2018, it is concluded that, the applicant's activity is satisfying the conditions of Entry No. 14 of said Notification No. 12/2017-CT (R) Dated 28.06.2017 and hence would be exempted from GST.

16. In view of the foregoing, we rule as follows: -


### **RULING**


**(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Rajasthan Goods and Services Tax Act, 2017)**

For reasons as discussed in the body of the order, the questions are answered thus:

Question: Whether Hostel Accommodation Charges per Hostel Seat provided by the Mody Education Foundation (MEF) to the students of Mody University of Science and Technology (MUST) having value of service upto Rs. 1000/- per day would be eligible for exemption under entry no. 14 of the Notification No. 12/2017 dated 28-06-2017?

Answer: – Answered in the affirmative.

  
(Vikas Kumar Jeph)  
MEMBER  
CENTRAL TAX

  
(M. S. Kavia)  
MEMBER  
STATE TAX

### **SPEED POST**

M/s Mody Education Foundation,  
NH-11, Laxmangarh,  
Distt. Sikar (Rajasthan) - 332311.

F. No. AAR/MEF/2022-23/ 77-81

Date: 19/05/2022

Copy to: -

1. The Chief Commissioner, CGST and central Excise, (Jaipur Zone), NCRB, Statue Circle, Jaipur, Rajasthan 302005
2. The Chief Commissioner, State Tax, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme-, Jaipur 302005.
3. The Pr./Commissioner, CGST and Central Excise Commissionerate Alwar, Rajasthan.
4. The Deputy/Assistant Commissioner, CGST Division-G, SIKAR, Rajasthan.