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**For Booking & Information Reservation Division**

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**1. Room Service where tariff is more than 1000/- and stay less than three month.**

As per the Notification No.31/2011, service tax would be levied on hotels, inns, guest houses, clubs and others and at camp-sites accommodation where declared tariff exceeds Rs 1,000 per day and the continuous period of stay does not exceed 3 months. This is the threshold limit for applicability.

Declared tariff' includes charges for all amenities provided in the unit of accommodation like furniture, air-conditioner, refrigerators etc., but does not include any discount offered on the published charges for such unit. The relevance of 'declared tariff' is in determining the liability to pay service tax as far as short term accommodation is concerned. However, the actual tax will be liable to be paid on the amount charged i.e. declared tariff minus any discount offered. Thus if the declared tariff is Rs 1100/-, but actual room rent charged is Rs 800/-, tax will be required to be paid @ 5.15% on Rs 800/-

Where the declared tariff includes the cost of food or beverages, Service Tax will be charged on the total value of declared tariff. But where the bill is separately raised for food or beverages, and the amount is charged in the bill, such amount is not considered as part of declared tariff.

When the declared tariff is revised as per the tourist season, the liability to pay Service Tax shall be only on the declared tariff for the accommodation where the published/printed tariff is above Rupees 1000/-. However, the revision in tariff should be made uniformly applicable to all customers and declared when such change takes place.

For the purpose of service tax luxury tax has to be excluded from the taxable value.

There is an option to levy service tax on 50% (i.e.5.15%) of the Room rent on the condition that no input tax will be taken on such services

## **2. Restaurant where we have liquor license & facility of a/c room in the establishment**

Service Tax is leviable on the service provide by a restaurant which satisfies two conditions: (i) it should have the facility of air conditioning **in any part of the establishment** and (ii) it should have license to serve alcoholic beverages.

It is not necessary that the facility of air-conditioning is available round the year. If the facility is available at any time during the financial year the conditions for the levy shall be met.

The taxable services provided by a restaurant in other parts of the hotel e.g. swimming pool, or an open area attached to the restaurant are also liable to Service Tax as these areas become extensions of the restaurant.

When the food is served in the room, service tax cannot be charged under the restaurant service as the service is not provided in the premises of the air-conditioned restaurant with a license to serve liquor. Also, the same cannot be charged under the Short Term Accommodation head if the bill for the food will be raised separately and it does not form part of the declared tariff.

For the purpose of service tax, State Value Added Tax (VAT) has to be excluded from the taxable value.

There is an option to levy service tax on 30% (i.e. 3.09%) of the gross amount of restaurant bill on the condition that no input tax will be taken on such services