

Hotel and bakery business in Gujarat dips by 15% due to GST

Hotel and restaurant players say that the Goods and Services Tax (GST) has aggravated overall economic slowdown. According to industry leaders, business is down by about 15%. While the restaurant segment may not have been impacted much, hotels, outdoor catering services and even bakers are complaining of a downturn.

It is for the first time that eateries have been brought into the tax net. They suffered a severe setback in the immediate aftermath of the roll out of GST but are now on their way to recovery. Multiple rates of taxation in residential hotels and taxes on items of daily consumption have aggravated the slowdown, claim players.

In the bakery segment, most items are subject to 18% GST except for toast and pizza bases, on which 5% GST is levied. Bakers say that 18% tax on goods of mass consumption, especially by people from lower and middle-income groups, has not gone down well with end consumers.

In addition to it, not allowing tax credit has also hurt corporate contracts, as organisations used such places to host training sessions and other corporate events. Multiple taxation on room rates has further complicated matters, when the rooms are sold on a discount. As the tax was new, there was lots of confusion among the player in the first three months after the roll out.