

GST to be charged on Actual Room Tariff in Hotels

HRAWI's consistent engagement with the Govt. and GST council has finally yielded results. The Council has amended the applicable GST rates for hotels from "Declared Tariff" to "Actual Tariff". This will not only benefit the hospitality industry but the customers too. Succumbing to pressure from the tourism and hospitality industry over the last one year, the 28th meeting of the Goods & Services Tax (GST) Council held in Delhi has decided to bring changes in the GST applicable on room tariff in hotels from Declared Tariff to the Actual Tariff being charged by hotels from guests.

Considering the hotel room rates are dynamic and decided on the market demand and supply on a given day, the hotel industry has been demanding GST on Actual Tariff rather than the Declared Tariff. Ministry of Tourism, Government of India has also been pushing amendments in the GST provision on Room Tariff on hotels because higher tax rates make the destination non-competitive.

Hotel industry welcomed the decision of the GST Council and the government to bring changes in the GST rules applicable to Room Tariff on hotels. "This is a welcome move and the HRAWI thank the government for considering our request. The Association's consistent engagement with the government and the GST Council finally yielded results. This was a cause for confusion among the hotel guests," said Dilip Datwani, President, Hotel & Restaurant Association of Western India (HRAWI).

Ministry of Tourism, Government of India has also welcomed the Council's decision in this regard. Calling it a "Landmark decision", Suman Billa, Joint Secretary, Ministry of Tourism in his tweet said, that the decision to charge GST on actual tariff, will "Make it so much more rational and easier!"