

## **FHRAI flags unilateral commission policy changes by Agoda; GST compliance**

The Federation of Hotel & Restaurant Associations of India has called upon Agoda to immediately roll back the recent changes to its commission structure, revert to the original tax-excluded model as per existing contracts, and comply with Indian tax laws.

The Federation of Hotel & Restaurant Associations of India (FHRAI), has expressed deep concern over unilateral changes made by global online travel agency Agoda to its commission structure and terms of engagement with Indian hospitality partners.

In a formal letter addressed to Agoda's leadership, FHRAI highlighted that the introduction of the "Reference Sell Rate" (RSR), a new commission calculation model that charges commission on total room rate, including taxes, despite the signed agreement stipulating that commission should be calculated only on the room rate excluding taxes. This directly violates the terms of previously agreed contracts between Agoda and hotel partners. The federation pointed out that Agoda's move to charge commission on the gross rate inclusive of GST, instead of the base rate, has led to financial strain and operational disruptions for its member establishments.

Further, FHRAI alleged non-compliance with Indian GST regulations by Agoda, stating that the platform is charging commission on the GST amount, which directly contradicts Indian taxation laws. Further, Agoda is not charging GST on its commission, thereby shifting the tax burden onto Indian hotels. The federation raised red flags over the resulting complications in GST reconciliation and potential loss of government revenue, particularly affecting listed and tax-compliant hospitality companies, said a release by the Federation.

The association has also received multiple complaints from member hotels regarding Agoda's operational practices. These include application of discounts and promotional offers without prior consent, delays in payment with an option of expedited transfer only at an additional commission, lack of communication

from Agoda's account managers, and modification of rate plans without approval—occasionally even diverting bookings to other OTAs, it said.

Commenting on the situation, K. Syama Raju, president of FHRAI, said, “India's hospitality sector is working hard to recover and rebuild in the post-pandemic era. In such a scenario, unilateral decisions by platforms like Agoda undermine the principles of fair collaboration and violate both legal and contractual commitments. We strongly urge Agoda to uphold equitable business practices and maintain complete transparency in their engagements with Indian hotel partners.”

FHRAI has called upon Agoda to immediately roll back the recent changes to its commission structure, revert to the original tax-excluded model as per existing contracts, and comply with Indian tax laws. The federation has emphasised the need for transparent and collaborative engagement between OTAs and Indian hospitality businesses to ensure a sustainable and trustworthy ecosystem.