

'We welcome the GST Council's decision to simplify hotel room tariffs into two slabs of 5% and 12%'

Speaking about the effects of the GST revision on the hotel sector, K Syama Raju, President, FHRAI, says, "We welcome the GST Council's decision to simplify hotel room tariffs into two slabs of 5% and 12%. Reducing the tax on rooms up to 77,500 to 5% will make Indian hotels more affordable and attractive to both domestic and international travellers. This reform will directly boost tourism demand, increase occupancy, and encourage more spending across the hospitality value chain. As a sector that already contributes over 5% to India's GDP and is among the largest job creators, this step will further strengthen our role in driving economic growth, generating employment for youth and women, and enhancing India's global competitiveness. We see this as a progressive move that will help Indian tourism achieve its true potential and contribute significantly to the Government's Vision 2047. While the hotel industry had been requesting a 5% slab with input tax credit (ITC), as is the practice in several other countries, we believe that even this initiative by the GST Council will benefit the hospitality sector substantially."