

**AUTHORITY FOR ADVANCE RULING, TAMILNADU**  
**DOOR NO.32, INTEGRATED COMMERCIAL TAXES OFFICE COMPLEX**  
**5<sup>TH</sup> FLOOR, ROOM NO. 503, ELEPHANT GATE BRIDGE ROAD,**  
**CHENNAI -600 003.**

**PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF THE**  
**GOODS AND SERVICES TAX ACT, 2017.**

**Members present are:**

1. Shri T.G.VENKATEŚH, I.R.S., Additional Commissioner/Member,  
Office of the Principal Chief Commissioner of GST & Central Excise, Chennai 34

2. Tmt. K. LATHA, M.sc.,(Agri) Joint Commissioner (ST)/ Member,  
Office of the Authority for Advance Ruling, Tamil Nadu, Chennai 600 003.

**ORDER No. 37 /ARA/2021 Date: 21.10.2021**

GSTIN Number, if any / User id	332100000255ARB
Legal Name of Applicant	HEALERSARK RESOURCES PRIVATE LIMITED
Trade Name of the Applicant	HEALERSARK RESOURCES PRIVATE LIMITED
Registered Address / Address provided while obtaining user id	Vanagaram-Ambattur Road, Ayanambakkam, Ambattur Industrial Estate, C/o Apollo Hospitals Campus, Adjacent to Apollo Nursing College, Chennai, Tamil Nadu. 600 095.
Details of Application	Form GST ARA - 001 Application Sl.No.15/2021/ARA dated 23.04.2021
Concerned Officer	Centre: Chennai South Commissionerate State: Vanagaram Assessment Circle.
Nature of activity(s) (proposed / present) in respect of which advance ruling sought for	
A Category	Provision of Service
B Description (in brief)	The applicant is engaged in the business of hospitality providing boarding, lodging facilities and such other services to institutions, entities and organizations.

Issue/s on which advance ruling required	<ul style="list-style-type: none"> <li>i. Classification of services and applicability of rate</li> <li>ii. Determination of nature of supply</li> <li>iii. Applicability of notification under the provisions of the act</li> </ul>
Question(s) on which advance ruling is required	<ul style="list-style-type: none"> <li>1.What is the applicable GST SAC and the GST rate applicable for the supplies made by it to M/s. Apollo Med Skills Limited (AMSL).</li> <li>2.Is it a composite supply or a mixed supply</li> <li>3.Whether the service is exempted vide Notification No. 12/2017 CT(Rate) dated 28.06.2017.</li> </ul>

**Note: Any appeal against the Advance Ruling order shall be filed before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-section (1) of Section 100 of CGST ACT/TNGST Act 2017 within 30 days from the date on which the ruling sought to be appealed against is communicated.**

**At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.**

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HEALERSARK RESOURCES PRIVATE LIMITED, No.72, Vengadmangalam main road, Ponmar, Vadapalani, Chennai-600048 (hereinafter called the 'Applicant') is registered under the GST Vide GSTIN 332100000255ARB. They have sought Advance Ruling on the following questions:

1. What is the applicable GST SAC cod and the GST rate applicable for

- the supplies made by it to M/s. Apollo Med Skills Limited (AMSL).
2. Is it a composite supply or a mixed supply?
  3. Whether the service is exempted vide Notification No. 12/2017 CT (Rate) dated 28.06.2017.

The Applicant has submitted the copy of application in Form GST ARA -01 and also submitted a copy of Challan evidencing payment of application fees of Rs.5,000/- each under sub-rule (1) of Rule 104 of CGST rules 2017 and SGST Rules 2017.

2.1 The applicant has stated that they are into the business of hospitality providing boarding, lodging facilities and such other services to M/s. Apollo Med Skills Limited (AMSL). AMSL is into training youth in various Healthcare related vocational programmes by providing upskilling courses for Doctors, Nursing Professionals and skilling courses for Paramedical and Hospital Support Staff. AMSL has established training centers across the country for Training and Skilling of health care professionals as part of implementation of its Projects under Deen Dayal Upadhyay Gramin Kaushalya Yojana (DDU GKY) and other similar programs under various schemes. As part of the project, AMSL is required to provide Boarding and Lodging facilities to the candidates enrolling for the courses under the Projects. After successful completion of the course, AMSL provides certificate to the candidates in collaboration with Healthcare Skills Sector Council (HSSC). In this regard, AMSL has engaged the applicant to provide the boarding, lodging facilities and such other agreed services, to AMSL in line with the SOP given by the Government of India for the implementation and furtherance of its projects under DDU-GKY. In order to render the above services, it was agreed that the applicant would tie up with various other third party service providers to ensure that such agreed services are rendered to AMSL. The applicant has entered into an agreement with AMSL for providing boarding, lodging and other services to the trainees at all places in Tamil Nadu. The applicant has stated that their role under the aforesaid agreement is as under:

- The applicant shall explore the Hostels and provide Boarding and Lodging facilities separately for Boys and Girls to accommodate the candidates/ Students enrolled for the courses offered at the Training

Centres of AMSL in the State of Tamil Nadu as per the requirement of AMSL.

- The applicant shall arrange for the Dining Space, Kitchen Space for cooking and shall arrange food as per the menu specified by AMSL for Breakfast, Lunch and Dinner to the candidates/ students staying at the Hostels.
- In addition, the applicant shall arrange for the below amenities:
  - i. Partition work, if any, for security of Girls;
  - ii. Toilets and Bathrooms in Girls Hostels and Boys Hostel in the ratio of 10:1;
  - iii. One Urinal for every 20 boys in the Hostel;
  - iv. Wash basins for Boys & Girls;
  - v. Furniture/Fixtures viz., Tables, Fans, Exhaust Fans, Lights etc;
  - vi. Cots, Mattresses, Pillows with Covers, Blankets and Bed Sheets for each candidate;
  - vii. Plates and Glasses for each candidate;
  - viii. Kitchen Utensils and Vessels for cooking and serving food;
  - ix. On call Doctor, First Aid kit, Fire Extinguisher;
  - x. Safety lockers for Students;
  - xi. Appointment of separate wardens for Boys and Girls to ensure students safety;
  - xii. Depute House Keeping staff;
  - xiii. Installation of RO water purifiers in both Boys and Girls Hostel;
  - xiv. Electrification for required number of points for Lights, fans etc;
  - xv. Recreation facilities such as Carrom Board, Chess, Ludo, etc;
  - xvi. Genset for 24 hours Power Backup for both Boys and Girls Hostels;
  - xvii. Installation of CCTV camera;
  - xviii. Any other facility in compliance with all relevant rules, regulations as may be required.
- The applicant has stated that in consideration for the above services provided by them, an amount of Rs. 9,000/- per candidate per month (i.e., Rs. 300/ per candidate per day) is charged by the applicant as mentioned below –
  - i. Rs. 3500/- (i.e., Rs. 117/- per candidate per day) towards the accommodation of the candidate at a fixed cost.

- ii. Rs. 5,500/- (i.e., Rs. 183/- per candidate per day) towards the Food and other facilities on Head Count/actuals number of candidates residing at the Hostel.

2.2 The applicant has stated that as per the terms of the agreement (copy furnished), they shall be required to take care of the candidates by providing all the facilities including accommodation, food and other amenities to the candidates as per the SOP provided by the Government of India. They have also stated that they had not filed GST returns for a continuous period of six months as they were not sure of the taxability of the services being provided by them to AMSL. This led to the cancellation of the registration of the applicant w.e.f 9th October 2019. The management of the applicant have decided to apply for the advance ruling so as to comply with the requirements of the GST law with certainty. The applicant has sought for ruling from the authority to ascertain the GST SAC code and the GST rate applicable for the supplies made by them to AMSL. The applicant also seeks to ascertain whether the supply of service is a composite supply in GST and whether such service is exempted vide Notification No. 12/2017 -CT(Rate) dated 28.06.2017.

2.3 On the Interpretation of Law the applicant has stated that they are providing boarding and lodging services (along with food and other amenities) to Apollo Medskills Limited, which is the Project Implementation Agency (PIA) for the DDU-GKY under the Ministry of Rural Development, implementing projects across 22 states with 29 training centres in India providing various skill courses in the field of healthcare. The DDU GKY is a placement linked skill training scheme which caters to the largest rural poor youth stream in the country, between the ages of 15 and 35 years. DDU-GKY works in Public Private Partnership (PPP) mode wherein it invests in projects proposed by its training partners, facilitates technical support and creates an amiable environment where quality skill training is imparted to rural poor youth. The DDU GKY funds are utilized for setting up advanced, modern and well equipped training Centres across the country. These training centres provide completely free of cost training, with all necessary books & study material, a Tablet PC and uniforms. In residential training centres, free accommodation and food is provided to the trainees. As part of the implementation of its

projects under DDU GKY, AMSL is required to provide boarding and lodging facilities to the candidates enrolling for these courses. In this regard, AMSL has engaged the applicant, to provide the boarding & lodging facilities and such other agreed services, to AMSL in terms of SOP provided by the Government with respect to implementation and furtherance of its projects under DDU GKY. For the purpose of the above, it was agreed that the applicant would tie up with various other third party service providers to ensure that such agreed services are rendered to AMSL. As per the terms of the agreement, the consideration payable to the applicant shall include the fixed and variable costs related to provision of the agreed services. The applicant shall charge Rs. 3,000/- or Rs. 3,500/- per candidate per month depending upon the location towards accommodation services provided which shall be a fixed cost. The applicant shall charge Rs. 4,500/- or Rs. 5,500/- per candidate per month depending upon the location of provision of food and other facilities based on the actual number of candidates residing and availing the services at the Hostel.

2.4 The applicant is of the view that since there are two or more supplies being made, it is important to first ascertain whether the service supplied is a composite supply under the GST law and if the answer is in the affirmative, then what will constitute the principal supply as the tax treatment applicable to the principal supply shall be applicable to the service in question. They have referred to the definition of Composite supply as defined under Section 2(30) of the Central Goods and Services Tax Act, 2017 ("CGST Act, 2017"). They have stated that on a perusal of the definition for Composite Supply, it can be inferred that a composite supply has to fulfill the below criteria:

- i. Supply of two or more taxable supplies of goods or services or both,
- ii. The two or more taxable supplies are naturally bundle and are supplied in conjunction with each other in the ordinary course of business and
- iii. One of the two taxable supplies is a principal supply.

2.5 They have stated that the pre requisite for a composite supply is that the supply should be a mixture of taxable goods or services or both; that this means that composite supplies consist of different supplies which in other circumstances might have been their own individual supplies with their own specific tax treatments; that taxable supply has been defined in Section

2(108) of the CGST Act, 2017; It has further been stated that as per general principles of VAT, every transaction shall be normally regarded as distinct and independent. However, in certain circumstances, several distinct supplies are considered to be a single supply when they are bundled; that the phrase "naturally bundled" has not been defined in the GST law; that Supplies can be considered to be naturally bundled when two or more supplies made are so closely linked that they objectively form a set of interrelated actions which would be artificial to split.

2.6 The applicant has referred to the CBEC Education Guide on Taxation of Services released in the year 2012 which attempts to explain the concept of "naturally bundled" by way of an example of air transport services provided by airlines wherein an element of transportation of passenger by air is combined with an element of provision of catering service on board. Another example provided is that of a hotel providing a 4-D/3-N package with the facility of breakfast. This is a natural bundling of services in the ordinary course of business. They have also referred to some of the indicators mentioned in the CBEC Education Guide to ascertain such normal and frequent practices. Further, applying the definition of Principal Supply as per Section 2(90) of CGST Act, 2017, the applicant has viewed that for the service in hand, the primary and predominant activity of the applicant is to provide accommodation to the candidates at the hostels; that they have created the infrastructure to mainly provide the services of accommodation by taking up hostel buildings etc., on rent/lease and then supplying a significant package of services to the occupants; that the supply of food and other amenities to candidates is an ancillary but an integral part of the principal supply; that the case in hand can be compared to the example of a Hotel providing the facility of breakfast cited in the Education Guide, The same has been considered to be a composite supply with the principal supply being accommodation service. Hence the applicant is of the view that the activity is a composite supply where the principal supply is accommodation service.

2.7 In view of the aforesaid facts, the applicant has stated that in case of composite supply, the tax rate of the principal supply shall be applicable to the composite supply. As per Explanation 4(ii) of Notification No. 11/2017 Central Tax (Rate) dated 28.062017 or Notification No. 12/2017 Central Tax

(Rate) dated 28.06.2017, the classification of the supply of services is to be done as per the Scheme of Classification of Services annexed to the said notification. The applicant is of the view that the SAC 996322 covers the activity of providing accommodation to paying guest wherein the principal supply is of providing accommodation service and food and other amenities is ancillary to the main service. Hence, the SAC 996322 is applicable in the instant case. Further, in respect of Q.No.3 as to whether the supply of service is exempted from GST, the applicant is of the view that the supply of service is exempted from the levy of GST under Sl. No 14 of Notification No. 12/2017

CT (Rate) dated 28.06.2017. The applicant has relied upon the CBIC Circular No. 32/06/2018 GST, dated 12.2.2018 wherein it is stated that Trust providing accommodation services to its students is not covered under Charitable activities. However, the Trust can claim exemption under Sl.No. 14 of the Notification No. 12/ 2017 - CT (Rate) dated 28.06.2017 if the value of supply is less than one thousand rupees for a unit of accommodation. Thus, services by hostels are clarified to have been covered in the above exemption. The applicant is of the view that, the services provided by them is eligible for exemption under the above Sl.No 14 of the Notification as the value of supply is Rs. 9,000/ per candidate per month for accommodation, food and other amenities which works to Rs. 300/ per day. Since the value of supply is less than one thousand rupees per day, the service shall be exempted from the levy of GST.

3.1 Due to the prevailing PANDEMIC situation and in order not to delay the proceedings, the applicant was addressed through the Email Address mentioned in the application to seek their willingness to participate in a virtual Personal Hearing in Digital media. The applicant consented and the hearing was held on 23.07.2021. The Authorised representatives, CA. Viral Khandar and CA. Rajendra Kumar.P and CA N.K. Bharath Kumar appeared for the hearing and reiterated their submissions. The Members called for copies of bills raised on the service receiver mainly M/s Apollo Med Skills Ltd, documents evidencing collection of lodging and boarding charges, accounts of the applicant to establish other facilities provided for along with the relevant costing and documentary evidence for schemes approved by Deen Dayal Upadhyay Grameen Koushalya Yojana. The applicant was also asked to submit the details on duration of stay by the inmates, number of inmates accommodated in a room. The Members also gave instructions



to state Assessment circle to verify the place of business of the applicant and report.

3.2 The applicant vide their letter dated 26.07.2021 informed that their new address is as follows:

Vanagaram Ambattur Road, Ayanambakkam, Ambattur Industrial estate, C/o Apollo Hospitals Campus, Adjacent to Apollo Nursing College, Chennai 600095

and the operational Hostel addresses are as follows:-

1. No.5, Sathyamoorthy Street, Devaraj nagar, Dasarathapuram, Saligramam, Chennai 600093
2. Lord Venkateshwara college of Engineering campus, Puliyambakkam village, Walajahbad Taluk, Kanchipuram District.631 605.

3.3 The Assistant Commissioners of Vanagaram, Kanchipuram (Rural) and Saligramam Assessment circles were instructed vide the letter dt.27.07.21 to visit the places of business located at their jurisdiction and offer their remarks. The officers undertook verification of the premises and furnished their reports.

3.4 Another PH was held on 22.09.2021, after verification report was received from the jurisdictional authorities. The representative of the applicant appeared and reiterated the additional submissions filed on 21.09.2021 and submitted that no activity is being carried on in the hostels at present due to the prevailing pandemic situation and the activities would resume once the Government issues guidelines for the conduct of the training sessions. The members required clarification on the basis of which invoices were raised for which the representative of the applicant submitted that invoices for rent and food are separately raised as the charges for food is variable, charged according to consumption.

3.5. In the additional submissions dt.21.09.2021, they interalia stated that

- they raise invoices monthly for the services provided by them for boarding facility and food services on AMSL as per the schedule of charges of the agreement ;
- the consideration for the boarding services is fixed based on the capacity of the hostel, based on the guidelines issued by the scheme;

- the consideration payable for the food and other facilities is based on the actual headcount, the number of candidates can vary due to drop outs , different dates of batch starting and ending, candidates who are On the job training and consume food at their work place etc. Hence invoice for the food services is billed based on actual food consumption.
- The hostels enrolled for the accommodation of the candidates under the scheme are required to have certain basis infrastructure as per the SOP issued by the Government under the DDU-GKY scheme; they do not receive any separate consideration for providing these basis amenities.
- The accommodation facility is given to the candidates as the courses offered by AMSL are residential courses ; the candidates are provided this facility throughout the duration of the course which varies from 3 months to one year; there are no individual rooms for the candidates as it is a dormitory style of accommodation.

The applicant furnished invoice copies, sanction order given to AMSL, as a project implementation authority, SOP Part I dt. 21.09.21, Proceedings of the Chief Executive Officer, TNSRLM dt. 12.01.17.

4. The jurisdictional State authority submitted the following:

(i) Kanchipuram (Rural) Assessment circle: The premises at Lord Venkateshwara Engineering college campus was verified on 09.08.21, wherein training was conducted by AMSL and the accommodation was provided by the college.

(ii) Vanagaram Assessment circle: - The circle AC has reported that the place of business of M/s. Healers Ark Resource at Vanagaram was visited on 30.07.2021, which is the administrative office of the applicant and that they are engaged in the activities like providing facility of lodging and boarding youth in various health care related vocational programmes; that the supply is composite in nature and the SAC code is 996311 and the rate chargeable is 18%; that the benefit of notification no.12/2017 cited supra is not available to the applicant as the notification provides for daily rate based lodgings and the applicant has been charging on monthly / annual basis for the lodging service rendered.

(iii) Saligramam Assessment circle:- The premises at No.5, Sathyamoorthy Street, Devaraj nagar, Dasarathapuram, Saligramam, Chennai 600093 was visited on 03.08.2021 and statement of State Head Manager Operation of the applicant firm; that the premises accommodates the students enrolled for the course offered at the Training centres of Tvl. Apollo Medskills Ltd (AMSL) in the State of Tamilnadu; that in addition to the accommodation service, food and other amenities were also provided; that the SAC code is 996322 for the service rendered which is a composite service, wherein the principal supply is that of accommodation service.; that the services such as supply of food and other amenities are provided as ancillary to the principal supply of accommodation and is naturally bundled together. Further the statement obtained from the Manager of the applicant states that no students are staying in that business premises as no classes are running due to the covid 19 pandemic.

5. The Central Jurisdictional Authority vide their letter dated 25.06.2021 stated that there are no pending proceedings in respect of the issue raised by the applicant in their Advance Ruling Application.

6. We have carefully examined the statement of facts, supporting documents filed by the Applicant, all the additional submissions made during the hearing and thereafter and the submissions of the Jurisdictional authorities. The applicant is engaged in the business of hospitality providing boarding, lodging facilities and such other services to AMSL, who is into training youth in various healthcare related vocational programs as part of implementation of its projects under Deen Dayal Upadhyay Gramcen Kaushalya Yojana (DDU -GKY). AMSL has engaged the applicant to provide the boarding, lodging facilities and such other agreed services, to AMSL in line with the SOP given by the Government of India for the implementation and furtherance of its projects under DDU GKY. The applicant has sought ruling on the following:-

1. What is the applicable GST SAC cod and the GST rate applicable for the supplies made by it to M/s. Apollo Med Skills Limited (AMSL).
2. Is it a composite supply or a mixed supply?
3. Whether the service is exempted vide Notification No. 12/2017CT (Rate) dated 28.06.2017.

The questions raised are on the classification, applicability of notification which are covered under the ambit of this authority under Section97(2) of the

CGST Act,2017. Further on verification of the premises from where the applicant proposes to extend the services, it was reported that the applicant do not hold lien of such premises. The applicant in this regard has referred to the extension of service provider agreement dt. 01.09.2020 wherein it was agreed to provide the activities enumerated in the Principal agreement for a period of 2 years effective from 01.09.2020 and stated that no activity is being carried on in the hostels at present due to the prevailing pandemic situation and the activities would resume once the Government issues guidelines for the conduct of the training sessions. Therefore, the questions raised by the applicants as above are admissible before this Authority under Section95a read with Section 97(2) of the CGST/TNGST Act, 2017.

7.1 From the submissions of the applicant, it is seen that the applicant has entered into a service provider agreement on 23.09.2017, wherein as part of implementation of its projects under DDU-GKY scheme of Ministry of Rural Development, AMSL is establishing training centres in the state of Tamilnadu for training and skilling of healthcare professionals and is required to provide boarding and lodging facilities to the candidates /students enrolling for the courses. The scope /description of the services expected of the applicant vide the said agreement is that they provide boarding and lodging services and such other services set forth in Schedule II of the Agreement. Schedule II of the agreement provides that

- The applicant shall explore the Hostels and provide Boarding and Lodging facilities separately for Boys and Girls to accommodate the candidates/ Students enrolled for the courses offered at the Training Centres of AMSL in the State of Tamil Nadu as per the requirement of AMSL; shall arrange for the Dining Space, Kitchen Space for cooking and shall arrange food as per the menu specified by AMSL for Breakfast, Lunch and Dinner to the candidates/ students staying at the Hostels.
- In addition, the applicant shall arrange for the below amenities:
  - i. Partition work, if any, for security of Girls;
  - ii. Toilets and Bathrooms in Girls Hostels and Boys Hostel in the ratio of 10:1;
  - iii. One Urinal for every 20 boys in the Hostel;

- iv. Wash basins for Boys & Girls;
- v. Furniture/Fixtures viz., Tables, Fans, Exhaust Fans, Lights etc;
- vi. Cots, Mattresses, Pillows with Covers, Blankets and Bed Sheets for each candidate;
- vii. Plates and Glasses for each candidate;
- viii. Kitchen Utensils and Vessels for cooking and serving food;
- ix. On call Doctor, First Aid kit, Fire Extinguisher;
- x. Safety lockers for Students;
- xi. Appointment of separate wardens for Boys and Girls to ensure students safety;
- xii. Depute House Keeping staff;
- xiii. Installation of RO water purifiers in both Boys and Girls Hostel;
- xiv. Electrification for required number of points for Lights, fans etc;
- xv. Recreation facilities such as Carrom Board, Chess, Ludo, etc;
- xvi. Genset for 24 hours Power Backup for both Boys and Girls Hostels;
- xvii. Installation of CCTV camera;
- xviii. Any other facility in compliance with all relevant rules, regulations as may be required.

As per Schedule III, the consideration for such activities are provided region wise. The said consideration provides total cost per candidate per month with fixed allocation towards rent for the accommodation and a variable cost on Head Count basis towards the food and other facilities. On examination of the invoice copies (Sl.No.FTN 02 1920-11 dt. 29.02.2020 & RTN 02-1920 11 dt. 29.02.2020), it is seen that the applicant has raised tax invoice with details of customer as AMSL; name:-DDU-GKY, Tamilnadu and have charged GST at the rate of 18% on the rental charges and 5% on the food bill, classifying both the services under SAC 996311.

7.2 On the interpretation of law, the applicant has stated that as part of implementation of its projects under DDU GKY, AMSL is required to provide boarding and lodging facilities to the candidates enrolling for these courses and such other agreed services in terms SOP provided by the Government. The applicant has offered to undertake the 'Hospitality' services of boarding and lodging for the enrolled candidates. As per the terms of agreement entered into by the applicant with AMSL, the consideration payable shall

include fixed and variable cost towards accommodation and provision of food and other facilities based on the actual number of candidates availing the services at the hostel. The applicant has stated that their primary and predominant activity is to provide accommodation to the candidates at the hostel, the supply of food and other amenities is ancillary but an integral part of the principal supply. The applicant has stated that the activity is a composite supply, where the principal supply is accommodation services. The applicant has stated that SAC 996322 shall be applicable to their activities and the services are exempted under Sl.no.14 of Notification no.12/2017CT (Rate) dt. 28.06.2017. They have relied on the circular no.32/6/18 GST dt. 12.02.18 in this regard.

8. **Ruling per: Smt. K. Latha Member SGST:**

Examination of the details, agreement and other documents reveals that the applicant Tvl. Healers Ark Resources Private Limited is not providing accommodation and other services to Tvl Apollo Med skills Limited (AMSL) but only supporting Tvl. Apollo Med Skills in implementation of project under Deen Dayal Upadhyay Gramcen Kaushalya Yojana (IDDU-GKY). The Hostel, Boarding and other facilities are given to the candidates as enrolled under the scheme by AMSL. Hence the service rendered by Healers Ark Resources Private Limited to Tvl. Apollo Med Skills Limited is only a business support services classifiable under SAC Code 998599 other support services which is taxable @ 9% CGST 9% SGST. Hence in my opinion the question raised by the appellant stating that he is providing accommodation and boarding and other services to Apollo Med Skills Limited is wrong and hence advance ruling cannot be issued on the questions raised.

9. **Ruling per: Shri T.G. Venkatesh, I.R.S,**

9.1 I respectfully differ from the views of SGST Member in Para 8 above. I find that in the case at hand, the applicant has entered into an agreement with Apollo Med Skills Limited (AMSL) dated 23.09.2017 to supply the 'Hospitality' services of providing the Boarding, Lodging and other services as required under the scope of the said agreement. Under GST, each supply is unique and the taxability is determined based on the facts of the supply made. In the case at hand, the agreement is entered into with AMSL and the recipient of the supply made by the applicant is AMSL. The fact that the

supply is being procured by AMSL for implementing the Vocational Scheme under DDU GKY is not relevant to decide on the classification of the supply being made by the applicant. The supply extended by the applicant is providing accommodation, food and such other agreed services to AMSL, i.e., the candidates undertaking the vocational courses, chosen by AMSL for which the applicant raise the invoice on AMSL as per the agreed prices. The question raised before this authority and to be decided in this case is whether the activities undertaken by the applicant as per the scope of the agreement entered into with AMSL is a composite supply with provision of accommodation to the candidates/students enrolled for the vocational courses in health care under the DDU GKY scheme as the principal supply and if so, whether the entire activity is exempted under SL.No.14 of Notification no.12/2017 CT(Rate) dt. 28.06.2017. I find that the question raised is relevant to the facts of supply being made by the applicant and also find that the classification opined by the learned SGST Member under 'SAC 998599 Other Support Services n.e.c.' is a residual entry to be adopted in cases where the supply cannot be suitable classified under the relevant category, which is not the case in hand, hence I take up the questions raised by the applicant and extend my findings as under.

9.2 Before considering the situation, the statutory provisions are examined as under:-

Section 2(30) of the GST Act,2017 defines Composite supply as follows:

*(30) "composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;"*

Thus the supply to be composite supply,

- It should be made by a taxable person;
- Consisting of two or more taxable supplies;
- Which are naturally bundled; Supplied in conjunction with each other in the ordinary course of business; and
- One of which is the principal supply

taxable person is defined under Section 2((107) as

(107) "taxable person" means a person who is registered or liable to be registered under section 22 or section 24;

and taxable supply is defined under Section 2((108) as

(108) "taxable supply" means a supply of goods or services or both which is leviable to tax under this Act;

In the case at hand, the applicant provides taxable supplies and is liable to be registered under Section 22 of the ACT, therefore is a 'taxable person' as per law. The scope of activities undertaken based on the agreement comprises of providing accommodation i.e., lodging services; food and other amenities/facilities i.e., boarding services as listed in para 7.1 above which are independently taxable. Thus, the supply consists of more than one taxable supply. The applicant provides boarding and lodging in conjunction with each other. From Schedule II of the agreement, the applicant is to provide separate accommodation facilities for boys and girls enrolled for the courses offered at the training centers of AMSL in the state of Tamilnadu as per the requirements of AMSL in compliance with the specifications provided by AMSL. It is seen that providing accommodation to all the candidates is to be offered equally against a fixed rent per candidate paid by AMSL (for which a separate invoice is issued ) and the food and other facilities are paid by AMSL based on the headcount/actual number of candidates residing at the hostels (for which a separate invoice is issued) i.e., it is seen that the accommodation services are to be provided for 200 candidates/students and the food and other facilities are based on actual consumption arrived at as the variable cost. The applicant raises two separate invoices monthly on AMSL, one for accommodation and other for the food and other facilities. It is seen that the above invoices are raised as per clause 4 of the agreement read with Schedule III. Mere issuance of two different invoices does not mean that the services provided are independent. The agreement entered into explicitly expresses that the service required from the applicant is hospitality services of separate accommodation for girls and boys along with provision of food and other agreed services relating to amenities. Therefore the entire supply is naturally bundled in the course of business of hospitality services and the principal supply envisaged in the agreement is provision of accommodation while provision of food and other amenities are bundled in the course of extending the hospitality services by the applicant to AMSL. From the foregoing, I conclude that the services provided by the applicant to AMSL is a composite



supply of 'hospitality services' in which provision of accommodation is the principal supply.

9.3 In respect of composite supply, the liability to tax is governed by the provisions of Section 8 (a) of the CGST Act, 2017 which is as under:-

*"8. The tax liability on a composite or a mixed supply shall be determined in the following manner, namely:-*

*(a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; "*

In the present case, as determined in para 9.2 above, the principal supply is provision of accommodation. As per the above provision, the tax liability applicable to the provision of accommodation is applicable to the entire supply of hospitality services.

9.4 Having decided that the principal supply is provision of accommodation in hostels and that the provisions applicable to the principal supply applies to the entire supply of hospitality services. The SAC code applicable to such services is taken up. Annexure to Notification no. 11/17 CT (Rate) dt. 28.06.17 gives the classification of services. The SAC relevant to the case at hand is as under:-

71	Heading 9963		Accommodation, food and beverage services
72	Group 99631		Accommodation services
73		996311	Room or unit accommodation services provided by Hotels, Inns, Guest House, Club and the like
74		996312	Camp site services
75		996313	Recreational and vacation camp services
76	Group 99632		Other accommodation services
77		996321	Room or unit accommodation services for students in student residences
78		996322	Room or unit accommodation services provided by Hostels, Camps, Paying Guest and the like
79		996329	Other room or unit accommodation services nowhere else classified

SAC group 9963 covers "Accommodation, food and beverage services". Group 99632 covers "other accommodation services", wherein unit accommodation services provided for students/by hostels stands covered. In the case at hand,

the applicant provides hostel services to the students/candidates of AMSL and therefore, applicable SAC is 9963, more specifically 99632.

9.5 The applicant claims exemption as per Sl.No.14 of Notification no.12/2017 CT(Rate) dt.28.06.2017. The said entry is as below:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
14	Heading 9963	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent.	Nil	Nil

The clarification vide Circular no.32/06/2018 GST dt. 12.02.2018 on the applicability of exemption under Sl.No14 above to the accommodation services to students relied on by the applicant is extracted below:-


S. No.	Issue	Clarification
1.	Is hostel accommodation provided by Trusts to students covered within the definition of Charitable Activities and thus, exempt under Sl. No. 1 of notification No. 12/2017-CT (Rate).	Hostel accommodation services do not fall within the ambit of charitable activities as defined in para 2(r) of notification No. 12/2017-CT(Rate). However, services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent are exempt. Thus, accommodation service in hostels including by Trusts having declared tariff below one thousand rupees per day is exempt. [Sl. No. 14 of notification No. 12/2017-CT(Rate) refers]

Reading the exemption and the clarification provided, it is seen that services of providing accommodation in hostels falling under SAC 9963 are covered under Sl.no.14 provided the value of supply of a unit of accommodation is below or equal to Rs.1000/- per day. Further as clarified in the circular, the declared value of a

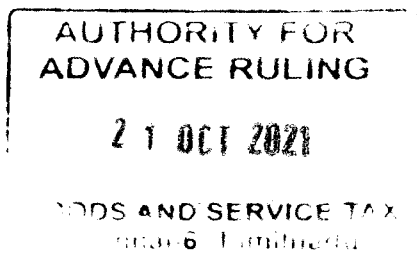
unit of accommodation is to be below Rs.1000 per day or equivalent which establishes that the tariff may also be on per month basis but the notification shall be applicable in cases where 'per day equivalent' value falls less than Rs.1000 per day stipulated for the exemption. From the Schedule of Charges(Schedule III) of the Agreement, it is seen that Rs. 3500/- is fixed towards the Rent per Candidate, per month for regions of Chennai and Rs.3000/- towards the Rent per candidate for the accommodation per month in any region out of chennai, which translates to per day equivalent tariff of Rs.117/Rs.100 and the consideration for other supplies is Rs.183/Rs.150 per day. The total consideration/ equivalent declared tariff as per the agreement for the composite supply per day, amounts to Rs.300/-/ Rs. 250/- per candidate per day which is below the specified limit of Rs.1000 per day. Therefore, I find that the exemption at Sl.No.14 of Notification no.12/2017 CT(Rate) dt.28.06.2017 is applicable to the case in hand.

9.6 To sum up, the supply envisaged in the agreement entered with AMSL is a composite supply of hospitality services in which provision of accommodation, food and other amenities are naturally bundled in the course of business and supplied in conjunction. The provision of accommodation is the principal supply, being provided to all the candidates (headcount wise) and the applicable SAC is 9963 and per day equivalent tariff being less than Rs.1000, the exemption provided under Sl.No.14 of Notification no.12/2017 CT(Rate) dt.28.06.2017 is applicable to the case in hand.

10. In view of the difference in the opinions of the Members as above, the case is referred to the Appellate Authority for hearing and decision on this issue in terms of Section 98(5) of the CGST/TNGST Act 2017, which provides that where the members of the Authority differ on any question on which the advance ruling is sought, they shall state the point or points on which they differ and make a reference to the Appellate Authority for hearing and decision on such question.

  
Tmt. K. Latha  
(Member SGST)

  
Shri T.G. Venkatesh  
(Member CGST)



To

HEALERSARK RESOURCES PRIVATE LIMITED (BY RPAD)  
Vanagaram Ambattur Road, Ayanambakkam,  
Ambattur Industrial estate, C/o Apollo Hospitals Campus,  
Adjacent to Apollo Nursing College, Chennai- 600095.

Copy Submitted to:

1. The Principal Chief Commissioner of GST & Central Excise,  
26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.
2. The Additional Chief Secretary/Commissioner of Commercial Taxes,  
II Floor, Ezhilagam, Chepauk, Chennai 600 005.

Copy to:

3. The Commissioner of GST & Central Excise,  
Chennai (South) Commissionerate,  
MIU Complex, No. 692,  
Anna Salai,  
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4. The Assistant Commissioner (ST),  
Vanagaram Assessment Circle,  
Integrated Commercial Taxes Buildings,  
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Varadharajapuram, Chennai - 600 123.
5. Master File/ Spare-2