

GOVERNMENT OF INDIA
MINISTRY OF TOURISM

RAJYA SABHA
UNSTARRED QUESTION NO.145
ANSWERED ON 02.02.2021

GST RATES

145. Shri Prabhakar Reddy Vemireddy:

Will the Minister of **TOURISM** be pleased to state:

- (a) whether it is a fact that there is 28% GST on hotel rooms whose rent is ₹ 7,500 or more and 18% for rooms between ₹ 2,500 and ₹ 7,500;
- (b) whether these GST rates are on much higher side which impact flow of tourism;
- (c) whether Ministry has ever taken this before the GST Council for reducing the same;
- (d) if so, details thereof and, if not, reasons therefor; and
- (e) in view of severe impact on tourism sector, particularly hotel industry, whether Ministry will consider approaching the GST Council for reducing GST on all hotel rooms to 12%; and if not, reasons therefor?

ANSWER

MINISTER OF STATE FOR TOURISM (INDEPENDENT CHARGE)

(SHRI PRAHLAD SINGH PATEL)

(a) to (d): Yes. sir. The Ministry of Tourism was aware of the tax levied on various tourism products and services, including hotels, as the same directly impacts India's tourism competitiveness vis-à-vis other countries.

The Ministry of Tourism has taken up the issue of GST slabs with the Ministry of Finance, Govt. of India, from time to time and the following changes have been effected in GST rate slabs with respect to tourism products and services:

- i) the threshold limit for applicability of 28% GST rate was increased from Rs.5000/- to Rs.7500/- per room per day by the Ministry of Finance.
- ii) The basis for determination of the applicable rate has been changed from declared tariff to actual tariff.
- iii) GST on restaurants and eateries have been brought down to 5% irrespective of whether they are air conditioned or not. If a restaurant is located within the premise of a hotel, club or any commercial place meant for residential or lodging purposes with a daily tariff of Rs.7500/- per day per unit or above, the tax will be 18%.

(e): At present, Ministry of Tourism has no plan to approach the GST Council for reducing GST on all hotel rooms to 12%, since the GST Council decides the rate of taxation after taking into consideration the factors affecting various segments of business as well as to ensure optimum revenue generation required for overall development of the economy.
