

**MINUTES OF THE GRIEVANCE REDRESSAL COMMITTEE MEETING
HELD ON 18.09.2024**

The Grievance Redressal Committee (GRC) for Union Territory of Puducherry, for redressal of grievances of taxpayer on GST related issues was re-constituted vide Trade Notice 01/2024-GRC dated 27.06.2024 in terms of Circular dated 24.12.2019 issued vide F. No. 20/10/16/2018- GST(Pt.I) by the Central Board of Indirect Taxes and Customs.

Accordingly the first grievance redressal committee meeting consequent to the re-constitution was held on 18.09.2024 with the constituent members at the Conference Hall of the Office of the Commissioner of CGST & Central Excise, Puducherry.

2. The meeting was chaired by Shri Ashish Varma I.R.S, Principal Chief Commissioner of GST & Central Excise, Tamil Nadu & Puducherry Zone, Chennai and Shri L. Mohamed Mansoor, Commissioner, SGST, Puducherry UT. The following officers, members of trade associations, tax professionals, and representative from GSTN had attended the meeting.

Sl.No.	Shri/Smt.	Designation
1.	Milind R Lanjewar	Commissioner, CGST, Puducherry
2.	T. Dinesh	Joint Commissioner, CGST, Puducherry
3.	Hasha Rangaswamy	Deputy Commissioner, CGST, Puducherry
4.	Rafi Ahamed Kidwai	Senior Manager (Services), GSTN
5.	Atul Mishra	Senior Vice President (GSTN)
6.	S. Balakumar	Deputy Director, DGGST, Chennai
7.	K. Ashok Kumar	Assistant Director, DGGST, Chennai
8.	M. Adharsh	Deputy Commissioner, SGST
9.	S. Rewathi	Assistant Commissioner, SGST
10.	S. Natarajan	Assistant Commissioner, CGST
11.	Elvis James	Assistant Commissioner, CGST
12.	V. K. Vinodh Kumar	Superintendent, CGST
13.	Kaviyavarman Maginot	CTO, SGST
14.	R. Devi Rajalakshmi	CTO, SGST
15.	V. Punithavally	DCTO, SGST
16.	K.K. Issar	ACTO, SGST
17.	K. Murugan	Resident Engineer, GSTN
18.	Y.J. Fraklin	Confederation of Indian Industries, Puducherry
19.	T. Vigneswaran	Chairman, Institute of Cost Accountant of India, Puducherry
20.	Sarvanan	Southern Hydrocarbons
21.	V. Chandramohan	Southern Hydrocarbons
22.	Ranjithkumar	Chairman, Branch of SIRC of Institute of Chartered Accountants of India,

		Puducherry
23.	V.S. Navouroj	Secretary, Puducherry GST Practitioners Assn.
24.	M. Arullselvam	President, Puducherry MSME Association
25.	K.K. Anilkumar	Chairman, Puducherry Vyapari Vyavasi Ekooopana Samithi, Mahe
26.	L.P. Ravi	Chamber de Commerce, Puducherry
27.	K. Velayutham	President, Puducherry Chamber of Industries, Puducherry
28.	Anand Gandhiraj	Secretary, Hotels Association of Pondicherry
29.	Amarnath	South Indian Hotels & Restaurants' Association
30.	PVR Sharma	Yanam Merchants' Association, Yanam

3. The Commissioner of CGST and C.Ex., Puducherry CGST Commissionerate welcomed the Principal Chief Commissioner of GST & Central Excise, Chennai Zone, the Commissioner, Puducherry SGST, the officers from DGGST, GSTN and all other participants for the Grievance Redressal Committee meeting. He briefed about the functions and the mandate of the grievance redressal committee and informed that the meeting will be held once in a quarter with the aim to examine and resolve any issues - specific or general in nature faced by the taxpayers and if need be, escalate any of the policy related issues to GST council Secretariat & the policy wing of CBIC and the system related issues to the GST network.

4. In his inaugural address, the Principal Chief Commissioner of the Chennai CGST Zone highlighted that the Grievance Redressal Committee meetings are being held to seek holistic solutions to policy, systemic, and other issues that affect the trade as a whole. These meetings aim to bring relevant government departments together on a single platform – CGST, SGST, GSTN, GST Council Secretariat etc. He emphasized that the department is highly responsive to taxpayers' concerns and is consistently working towards tax rationalization and simplification of GST procedures.

5. Subsequently, Shri T. Dinesh, Joint Commissioner, proceeded to address the agenda items, which included grievances submitted by (1) the Hotels Association of Pondicherry and (2) M/s. Southern Hydrocarbons. The details of these grievances and the decisions taken are outlined below.

a. Grievance of Hotels Association of Pondicherry:-

The association's concern was that the current practice of linking the tax rate on restaurant services to the tariff rate of room rent is placing significant hardship on the industry. The association cited some of the following instances to demonstrate their

grievance and how the GST rate on restaurant services linked to room tariffs, have affected the restaurant industry.

- i. In many temple towns and pilgrimage centres, budget hotels offer family rooms that can accommodate groups of 6 to 8 travellers. While standard room rates typically range between Rs. 2500 and Rs. 3000, charges for family rooms accommodating 6 to 8 guests can rise to Rs. 8000 to Rs. 9000. This pushes the total tariff above the Rs. 7500 threshold, subjecting the hotel's restaurant services to an 18% GST, even though the individual room rates remain below that limit. Consequently, guests who would otherwise benefit from a lower 5% GST rate face a higher tax burden due to the collective pricing structure of family accommodations. Additionally, during festivals or peak seasons, hotel tariffs often exceed the Rs. 7500 threshold, requiring hotels to increase GST on restaurant services from 5% to 18%. This situation was reported to be unfair and significantly raises the overall cost for guests.
- ii. When hotels receive bookings through online travel agencies (OTAs), they often charge rates exceeding Rs. 7500 to account for the commission owed to the OTAs. However, the actual amount the hotel receives is typically well below this threshold. In such occasions also, the hotels are required to charge GST on restaurant services at 18%.
- iii. The Current practice of linking taxation on restaurant service to the room rates charged for accommodation is erroneous and contradicts the fundamental principle of GST which levies taxes on goods and services based on their specific classifications.
- iv. As an interim relief, one of the representatives present had claimed that the amount of Rs. 7500 tariff rate for 5-star hotels was set at the time of GST's introduction and does not account for inflation till date. They emphasized that this amount has become insufficient, as room rates have risen significantly. They called for a review of the threshold to better reflect current market conditions and ensure fair taxation in the hospitality sector.

The Copy of the said grievance was placed before the Committee members and after considering the submissions from the Hotel association of Pondicherry, the Principal Chief Commissioner acknowledged the concerns and the challenges faced by the industry. In response, the Principal Chief Commissioner proposed to get an examination of issues done at Commissionerate level and send his feedback to the government with appropriate recommendations.

Action holder: CGST, Puducherry

b. Grievance of M/s. Southern Hydrocarbons:-

Brief of the grievance raised:

The tax payer is engaged in the manufacture and export of starch, lac and resins and had opted for advanced authorisation scheme which allows for duty free import of inputs which are in turn utilised for the manufacture of export goods. The IGST on such imports under advance authorization are exempted by way of Notification. In addition, the taxpayer had procured other inputs like packing material, oil, catalyst etc., from the domestic market on which they had accrued input tax credit (ITC). The Taxpayer had exported the goods on payment of IGST and obtained Refund of the IGST paid on the export goods.

As per Sub-rule 10 of Rule 96 of CGST Rules, the persons claiming the benefit under Notification No.78/2017-Cus, dated 13.10.2017 or Notification No.79/2017-Cus, dated 13.10.2017 are not eligible for refund of integrated tax paid on exports of goods or services. Accordingly a Demand Notice was issued for recovery of the IGST refund as the same are in violation of Rule 96(10) of the CGST Rules, 2017. The grievance of the taxpayer is that the ICES- Customs system did not stop them for filing shipping bill with payment of IGST.

After hearing the submissions of the tax payer, the Principal Chief Commissioner recorded the fact that the taxpayer does not challenge the validity or the interpretation of the said rules, rather points out the lack of system validations at customs, wherein shipping bill with payment of IGST was allowed against advance authorization related exports. It was reiterated that the taxpayer had consciously availed the benefit of IGST exemption Notification No.78/2017-Cus, dated 13.10.2017 or Notification No.79/2017-Cus, dated 13.10.2017 at the time of import and thus the IGST paid on export of goods is not eligible for refund. It was suggested to the tax payer to submit reply to show cause notice and to appear for personal hearing to put forth their contentions. In addition to the above, the Principal Chief Commissioner had also suggested CGST, Puducherry to address this issue to DG (Systems) Chennai.

The Principal Chief Commissioner emphasized to trade associations and tax professionals assembled in the meeting that grievances should focus on broader policy or system related issues more than on specific problems faced by individual taxpayers. These grievances must be submitted within the designated time frame to allow for the attendance of relevant officials, such as those from Customs. It was reiterated by Commissioner, CGST that new grievances submitted after the deadline or during the meeting will not be discussed. However, trade representatives are encouraged to reach out to CGST formations directly for solutions to their concerns without waiting for the quarterly meetings.

6. Shri L. Mohamed Mansoor, Commissioner (SGST) agreed with the Principal Chief Commissioner's perspectives and welcomed the tax payers to approach the SGST department for getting any clarifications related to GST apart from participating in the quarterly grievance redressal committee meeting.

7. The meeting ended with vote of thanks by the Principal Chief Commissioner of GST & Central Excise, Chennai & Puducherry Zone.

This is issued with the approval of both the co-chairs.

Joint Commissioner,
PrCCO, Chennai

To

1. The Principal Commissioner, GST Policy Wing, CBIC
2. The Commissioner of State Tax, Commercial Tax Department, Puducherry
3. The Principal Commissioner/Commissioner of GST & Central Excise, Chennai North (Nodal Officer of ITGRC, Central Tax- Chennai)
4. The Commissioner of CGST & Central Excise, Puducherry
5. Nodal Officer of ITGRC, State Tax, Puducherry
6. Trade Associations/Tax professionals – through Commissioner of CGST, Puducherry
7. GSTN representative in respect of Puducherry
8. The Superintendent of Computers, Chennai North for uploading in the website
9. PRO, Pr. CCO/Chennai North for displaying in the Notice Board.