



JUDGEMENT

GST Rate on Aerated Beverages in Restaurants Treated as Composite Supply Taxed at 18% Whether Standalone or With Food

Issued By:	West Bengal AAR
In Case Of:	Summit Hotels & Resorts Pvt Ltd
Order No:	WBAAR 10 of 2025-26
Order Date:	10th Dec 2025

FACTS & OBSERVATIONS

- The applicant, a hotel operating a restaurant within a specified premises, **supplies aerated beverages either along with food or independently to dine-in and room service customers**, without any over-the-counter or takeaway sales.
- Historically, **aerated beverages were treated as an independent supply of goods and taxed at 28% plus compensation cess**, even when billed on the same invoice as restaurant services taxed at 18%.
- Customers disputed this treatment and contended that **aerated beverages supplied in a restaurant form part of the dining experience and should attract the restaurant service rate**.
- The applicant approached AAR seeking **clarity on GST rate where aerated beverages are supplied (a) alone, and (b) along with food**, both within the restaurant environment.

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- AAR observed that **supply of aerated beverages in the restaurant involves significant service elements** such as preparation, customisation, glassware, waiter service, ambience, and on-premises consumption.
- Such supplies were held to be **naturally bundled with restaurant services and squarely covered under Section 2(30)** read with Clause 6(b) of Schedule II, treating them as composite supply of services.
- The principal supply in both scenarios - whether beverages are ordered alone or with food - was **held to be restaurant service classifiable under SAC 996331**.
- AAR ruled that aerated beverages supplied in the stated factual matrix are **taxable at 18% (9% CGST + 9% SGST) as restaurant service** under Notification No. 11/2017-CT (Rate), applicable to specified premises.

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