

Government of Telangana
Commercial Taxes Department

Office of the:
Commissioner of Commercial Taxes
Telangana, Hyderabad.

CIRCULAR

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Subject: GST Implication on Lease Rentals by Hotel / Convention Owners to the organisers of Exhibition/Sales Organisers- Certain Instructions to filed level officers- Reg.

It has come to the notice of the department that hotel and convention centre's owners are leasing out their premises to various organisers for hosting exhibitions, trade fairs, and sales events. This circular is intended to clarify the GST implications on such transactions.

The transaction involves:

- Hotel/Convention Owners (lessor) leasing/renting out space to
- Exhibition/Sales Organisers (lessee) for a limited duration for conducting business events, such as exhibitions, trade fairs, sales showcases, etc.
- This transaction is not a supply of service by the hotel as accommodation or banquet service, but as "leasing of immovable property for business or commerce" under GST.

**Applicable GST Provisions: For the Hotel/Convention Owners (lessor)
leasing/renting out the space**

a) Classification of Supply

- As per Schedule II of the TGST/CGST Act, 2017, renting/leasing of immovable property for business or commerce is a supply of service.
- Leasing of exhibition halls, convention centres, or similar premises for commercial events falls under SAC 997212 - *Rental or leasing services involving own or leased non-residential property for use in business or commerce.*

b) Rate of GST

- The applicable GST rate is 18% (9% CGST + 9% SGST) on the rental amount.
- No abatement is provided in such leasing transactions.

c) Place of Supply

- As per Section 12(3) of the IGST Act, 2017, the place of supply of immovable property-related services shall be the location of the property.
- Accordingly, GST (CGST + SGST or IGST) will be levied depending on whether the supplier and recipient are in the same State/UT.

d) ITC Eligibility

- The lessee (exhibition organiser) may avail Input Tax Credit (ITC) on the GST paid, subject to the eligibility conditions under Section 16 of the TGST/CGST Act.
- Hotel/convention centre owners must issue a valid GST invoice for the rental amount charged.

e) Other Compliance

- Lease agreements, even if short-term or for specific events, should be properly documented.

- Officers must verify that the premises are not being passed off as "exempt supply" by misclassifying the activity.
- Rental income must be disclosed in GSTR-1 under the appropriate HSN/SAC code.

f) Exemption Clarification

- Exemption under Entry 5 of Notification No. 12/2017 – Central Tax (Rate) is not applicable here. This entry covers renting of precincts of religious places meant for the general public and does not apply to commercial exhibitions.

Action Points for Officers

- Scrutinize returns (GSTR-1 and GSTR-3B) of hotels/convention centres regularly to identify such lease income.
- Ensure correct classification and tax rate application.
- Verify whether GST invoices are raised properly to the organisers.
- Issue notices in case of tax evasion or misclassification (e.g., shown under exempt services or accommodation).

Applicable GST Provisions: for Lessee/Organiser Conducting Casual Business

- a) As per Section 2(20) of the TGST/CGST Act, a Casual Taxable Person (CTP) is: A person who occasionally undertakes transactions involving supply of goods or services in the course or furtherance of business in a State or Union Territory where they do not have a fixed place of business.

Examples:

An organiser from Delhi conducts a 3-day exhibition in Hyderabad –he is a *CTP in Telangana*.

b) Mandatory GST Registration

- Section 24(i) of the TGST/CGST Act mandates compulsory registration for CTPs regardless of turnover.
- Registration must be obtained at least 5 days before commencing business in the said State/UT.
- Registration is State-specific and valid for a maximum of 90 days, extendable by another 90 days.

c) Form to be used:

- GST REG-01 for new registration
- GST REG-11 for extension (if required)

d) Advance Tax Payment

- CTPs are required to deposit advance tax equal to the estimated tax liability for the period of registration at the time of registration.
- This is adjusted against actual liability; any excess can be claimed as a refund.

e) Issuance of GST Invoices

- CTP must issue tax invoices for all supplies made at the leased premises.
- Must charge applicable GST (based on nature of goods/services).

f) Filing of Returns

CTPs are required to file the following returns:

Return	Form No.	Frequency	Notes
Outward Supplies	GSTR-1	Monthly	Details of sales
Summary Return	GSTR-3B	Monthly	Payment of tax
Final Return	GSTR-10	Once	Upon expiry of registration

g) Input Tax Credit (ITC)

- CTPs can claim ITC on eligible inward supplies, including:
 - Rent paid to the hotel/convention center
 - Goods/services used during the exhibition
- However, ITC is subject to normal conditions under Section 16, including possession of a tax invoice, actual receipt of goods/services, etc.

h) Penalty for Non-Compliance

- Conducting business without CTP registration is a violation.
- Liable for penalties under Section 122 of TGST/CGST Act (₹10,000 or tax evaded, whichever is higher).
- Officers are advised to take strict action in such cases and initiate recovery, including blocking of premises where needed.

I) Important Exemption Clarification

Organisers sometimes wrongly claim exemption under Notification No. 12/2017 – Services by unregistered casual vendors. This exemption does not apply to formal organisers conducting exhibitions or commercial sales.

Action Points for Tax Officers

1. Monitor event venues (hotels, convention centres, etc.) for incoming exhibitions or trade fairs.
2. Cross-check with GST registration data to ensure the organiser has obtained CTP registration.
3. Ensure the CTP:
 - Paid advance tax
 - Filed GSTR-1 and GSTR-3B
 - Complied with invoice and ITC norms
4. For repeat offenders, initiate enforcement measures and notify field intelligence units.

In the light of the above, all the Joint Commissioners (ST) of the State are requested to :

- a) Sensitise the field staff on the above (2) "actions points" for effective tax realisation from the concerned sector and
- b) To gather the data/ information pertinent to 2024-25 & 2025-26 up to June and also future programs/events in the current Financial year on the "Organisers/TPs effected Casual supplies or /and supplies in the Hotels/Conventions in your jurisdiction "and provide the said data to CCT office by Monday 23-06-2025 and report compliance.

Commissioner (CT)
Hyderabad