

GST ADVISORY on Opt-In Declaration for “Specified Premises” – FY 2026-27

 **Filing Window: 01 January 2026 to 31 March 2026 Mode:** Online on GST Portal

The GST portal has now enabled the online filing of Opt-in Declarations for suppliers of Hotel Accommodation services. This facility was earlier available only through manual submission and is now digitized to streamline compliance for Hotel and Hospitality Sector.

Moreover the definition of Specified premises is changed to include any supplier who file the opt-in declaration to go for full rate of tax @ 18% with availability of ITC wef 16.01.2025 vide N. No 5/2025-CTR dated 16.01.2025.

This advisory dated 4th January 2026 is applicable to Hotel Accommodation services "Hotel accommodation" means supply by way of accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes including the supply of time share usage rights by way of accommodation.


WHAT IS “SPECIFIED PREMISES”? (GST Law) – definition changed wef 16.01.2025

For FY 2026-27, a “Specified Premises” means a premises:

✓ Where in FY 2025-26, any room/unit was supplied with **value of supply > ₹7,500 per unit per day, OR**



✓ Where the hotel **voluntarily opts** by filing declaration between **01-01-2026 and 31-03-2026** whatever are the room charges, **OR**

✓ Where a **new registration / additional place of business** files declaration **within 15 days of ARN generation.**

 *Each hotel / branch is a separate “premises”*

GST RATE & ITC IMPACT (MOST IMPORTANT)

Restaurant Services Inside Hotel Premises

Type of Premises	GST Rate	Input Tax Credit
Specified Premises	18%	 ITC AVAILABLE
Non-Specified Premises	5%	 ITC NOT AVAILABLE

 Opting as **Specified Premises** allows ITC on:

- Food & Beverages
- Rent, electricity, housekeeping
- Repairs, maintenance, Security,
- Capital Goods etc

WHO SHOULD SERIOUSLY CONSIDER VOLUNTARY OPT-IN?

- ✓ Hotels with **high input GST cost**
- ✓ Properties with **banquet / restaurant**

revenue

- ✓ Business hotels catering to corporates
- ✓ Hotels where ITC blockage increases cost

WHICH FORM TO FILE?

Category	Annexure	Time limit
Existing registered Tax payer of the industry	Annexure VII	01-01-2026 to 31-03-2026
New registration / additional place*	Annexure VIII	Within 15 days of ARN

* Each premises in a particular state has to be added as Additional Place of Business in that particular registration if not opted for separate registration qua each premises. **A maximum of 10 premises can be selected in one declaration.** Additional declarations may be filed for remaining premises, if any. However, **separate PDFs with reference numbers will be generated for each premise.**

If any premises are left for opt-in, the taxpayer may again file Annexure VII for that premise for the same financial year during the eligible window period.

HOW TO FILE?

GST Portal → Services → Registration → Declaration for Specified Premises

- ✓ Select eligible premises
- ✓ Submit via **EVC**
- ✓ ARN generated + Email/SMS confirmation

SIMPLE PRACTICAL EXAMPLE

Hotel ABC – FY 2025-26

Max room charge: ₹6,800 per night

Input tax Credit: ₹5,00,000 per year

The hotel has two options:

◆ **Option 1** – Do not file the Opt-In Declaration and thus it is a Non-Specified Premises

GST @ **5%**, **NO ITC** → ITC of ₹5,00,000 is **lost**

◆ **Option 2** – **Voluntary Opt-In as Specified Premises**

GST @ **18%**, **ITC AVAILABLE** → ₹5,00,000 ITC **claimed**

✦ **Opt-In financially beneficial despite higher GST rate**

IMPORTANT

✗ Failure to opt-in on time = **Forced 5% rate without ITC**

✗ Wrong classification = **Audit & litigation risk**

ACTION REQUIRED NOW


✓ Review **room charges of FY 2025-26**

✓ Evaluate **ITC vs rate impact**

✓ File declaration **before 31 March 2026**

Sometimes paying 18% is cheaper than paying 5% 🤔

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