

CBDT has been asked to consider inclusion of Service Charge while assessing tax: Shri Ram Vilas Paswan

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Shri Ram Vilas Paswan, Union Minister for Consumer Affairs, Food & Public Distribution told that in order to check the levying of Service Charge compulsorily, CBDT has been asked to consider inclusion of Service Charge while assessing tax. Similarly, directions have been issued to the officers of Legal Metrology of all States to monitor the cases of charging more than MRP.

In order to stop levying Service Charge compulsorily from consumers without their consent, guidelines were issued on 21st April 2017. A number of renowned hotels/restaurants have made Service Charge optional under the Guidelines. But still the complaints are being received through National Consumer Helpline about levying 5% to 20% Service Charge compulsorily by some hotels and restaurants. Some media reports have also been published in this regard.

To stop this unfair practice, hotels and restaurants have been asked either to leave the column of Service Charge blank or mention on the Bill that it is optional. It means that the consumer can pay the Service Charge if he or she wants.

In this regard State Governments were asked to issue directions to hotels and restaurants to display the message at an appropriate place that Service Charge is completely optional and if the consumer is not satisfied with the services of that hotel or restaurant, he or she is free not to pay Service Charge.

Similarly, guidelines have been issued in April 2017 against levy of Service Charge compulsorily and consider it as an unfair trade. In addition to it, all the States have been asked to implement these guidelines strictly and sensitize the consumers about the same through publicity. These guidelines were sent to Federation of Hotel and Restaurant Association of India (FHRAI), National Restaurant Association of India (NRAI) and Hotel Association of India (HAI) also.

Advertisements have also been released under 'Jago Grahak Jago' conveying the message among consumers that Service Charge is not mandatory but a tip which is fully a discretion of the consumer. Hotels or restaurants cannot compel the consumer to pay Service Charge. Similarly, Voluntary Consumer Organizations have also been asked to increase awareness and pick up some cases for exemplary remedial action.

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