

Hospitality sector to be charged power tariff, duty at industrial rate

In a big relief to the hospitality sector that has taken a walloping in the coronavirus pandemic, the Maharashtra Cabinet on Thursday accorded it industry status. The cabinet, chaired by Chief Minister Uddhav Thackeray, hopes that the move will help revive the sector and enable it to thereby provide better facilities to their guests. Accordingly, in the first phase, electricity tariff, electricity duty, water cess, property, development and non-agricultural taxes will be levied at industrial rates, from April 1, 2021. These sops will be enjoyed by stakeholders registered with the Union Tourism Ministry.

An expert committee will be appointed to determine the criteria for levying tax / charges at industrial rate for non-registered hospitality sector players. In order to avail the industrial rate benefits, those in the business will have to file online applications and meet the necessary criteria. Tourism Minister Aaditya Thackeray tweeted, “Today the Cabinet has approved 'industry status' for hotels in Maharashtra. This is a landmark moment for the hotel industry. After reduction of pre-establishment licences, industry status will give much-needed support to hotels. We are striving to bring in more world-class hotels to Maharashtra. It will be easy to start hotels and be commercially sustainable in the state.” Federation of Hotel & Restaurant Associations of India Vice President Gurbaxish Singh Kohli said the news was a huge relief, as the state government had finally accepted the hospitality sector’s long-standing demand for industry status. “For the past two decades, we have been literally fighting for this. The announcement was made as far back as 1999 but the sops that go with the industrial status were never accorded. As a result, the so-called industry was paying commercial rates for electricity, water, and all other utilities, unlike an industry,” said Kohli.

“At a time when the morale of this industry is at its all-time lowest, this news has come in as a ray of light. The industry has stood by the government in this testing time and will continue to do so,” said Kohli.

The government will launch a single-window system for these approvals to save time.