

NRAI retaliates on centre's decision; asks people not to eat at a restaurant

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National Restaurant Association of India (NRAI) has come out full guns blazing to support imposition of service tax in restaurants and hotels. NRAI's retaliated on centre's decision of optional service tax by releasing an official statement which reads that customers are free not to eat at a restaurant if they did not wish to pay the service charge levied by it.

During the recently concluded parliamentary session, the government has equipped authorities to take strict action against those eateries that are imposing service tax without the consent of the customer. The government also went ahead and ordered the officials to book such hotels and restaurants under the charge of indulging in unfair trade practices.

Media reports state that NRAI has said that levying service charge was a common and accepted practice that was recognised as such by various government departments. In a recently released statement by Union Consumer Affairs Ministry, hotels and restaurants have to display information on optional service charge. It further stated that the service charge was deemed optional because customers filed complaints saying they were being forced to pay service charge, in lieu of tips, of anything between 5 per cent and 20 per cent irrespective of the kind of service provided. The Hotel Association of India, when asked for clarification, replied that a service charge is completely discretionary and a customer could have it waived, said the ministry.

Speaking on the government's new move, Riyaz Amlani, President, NRAI said, "The act stops us from indulging in any unfair method or deceptive practice. We clearly mention the service charge we levy on our menus. We are not indulging in any unfair trade practice. This is all part of a bill on which the restaurants pay VAT while the employees pay income tax. It also does away with cash tips."

Amlani said many restaurants would politely ask customers if they were willing to pay a service charge and, if not, tell them they would have to dine at a place that didnt levy one. Chef and restaurateur Manu Chandra, who runs Monkey Bar outlets across India, said, "Rentals, competition and salaries are rising. The restaurants will have to take a couple of days to work on alternate ways to meet these costs,".