# FAQ Document

## Restaurant:

***Q: What is classified as a restaurant?***

A: A merchant engaged in the business of preparing and serving ***food*** in the premises or as takeaway is classified as a restaurant. Some of the examples under this category are provided below:

a) Merchants located in a premise where declared tariff is not exceeding INR 7,500/- per day and providing restaurant services;

b) Selling beverage along with serving and preparing food which qualifies as restaurant services (eg: Providing Coke/Pepsi along with Pizza/Burger etc);

c) Cloud kitchens providing restaurant services; etc

d) Stand alone restaurants which are not ice cream parlors or bakeries.

***Q: What happens to my GST liability if my outlet is classified as a restaurant***

A: From 1 January 2022, the GST liability on the sale made by the restaurant on the Swiggy platform shall be paid directly by Swiggy to the relevant authorities.

***Q: Will there be a change in my payouts/settlements with Swiggy***

A: Yes. As part of the Swiggy settlement with the restaurant, the payment will be made after deducting such GST.

***Q: Who will issue a tax invoice to the customer for my sale if my outlet is a restaurant***

A: Swiggy will be responsible for issuing tax invoices to the customer. The restaurants are not required to issue any taxable invoice w.e.f 1 January 2022.

***Q: Will there be any TCS deduction on my payout***

A: No, for merchants falling under the restaurant category, the requirement of deducting TCS under the GST law is not applicable w.e.f 1 January 2022.

## Non-Restaurants:

***Q: What is classified as a non-restaurant?***

A: Merchants supplying other edible goods which do not qualify as “restaurant services” shall be classified as non-restaurant. Some of the examples under this category are:

a) Standalone ice cream parlor not providing “restaurant services”;

b) Standalone bakery not providing “restaurant services”;

c) Standalone sweet shops not providing “restaurant services”;

d) Standalone chocolate shop not providing “restaurant services”

e) Restaurants in hotels where the declared tariff of any accommodation unit is more than INR 7,500/- per day

***Q: What happens to my GST liability if my outlet is a non-restaurant***

A: You will be required to pay GST directly to the government @ applicable rates on all your sales

***Q: Will there be a change in my payout***
A: No, there is no change in the payout settlement between Swiggy and non-restaurant.

***Q: Who will issue an invoice to the customer for my sale if my outlet is a non-restaurant***
A: The responsibility of issuing invoice to the customer lies with the non-restaurant. There is no change in the current process being followed for invoice issuance.

***Q: Is it mandatory for a non-restaurant to be registered under GST***
A: Yes, it is mandatory under the GST law for a non-restaurant to be registered under the GST law as the supply of a non-restaurant food outlet is classified as “sale of goods”. Only in a scenario where all the goods sold by a non-restaurant are exempt under GST, it would not be mandatory for such non-restaurants to be registered under GST.

## Hybrid:

***Q: What is classified as a hybrid category?***
A: In case an outlet is involved in providing “restaurant services” and supplying other goods that do not qualify as “restaurant services”, such outlets will be categorized under ‘hybrid model’.

***Q: What happens to my GST liability if my outlet is hybrid?***
A: Hybrid outlets will have to bifurcate the “restaurant services” and other goods supplied through ECO. GST on “restaurant services” provided through Swiggy shall be paid by Swiggy and applicable GST on other goods (non-restaurant supplies) supplied through Swiggy shall be continued to be paid by the supplier.

***Q: Will there be a change in my payout***
A: As far as non-restaurant supplies are concerned, there will not be any change in the payout. However, for the restaurant services provided by the outlet, the payment will be made to the outlet post deduction of the GST amount.

***Q: Who will issue an invoice to the customer for my sale if my outlet is a non-restaurant***
A: As far as non-restaurant supplies are concerned, invoices will have to be directly by the hybrid outlet to the customer. However for the restaurant services provided by the outlet, swiggy shall issue an invoice to the customer on behalf of the restaurants.

***Q: Is it mandatory for a hybrid outlet to be registered under GST***
A: Yes, it is mandatory under the GST law for an outlet providing non restaurant supplies to be registered under the GST law as such supplies are classified as “sale of goods”. Only in a scenario where all the non-restaurant goods sold by the hybrid outlet are exempt under GST, it would not be mandatory for such non-restaurants to be registered under GST.

## Others

***Q: Will there be any change in the way GST is charged for packaging charges ?***

A:

- Restaurant category : 5% on packaging and service charges
- Non-restaurants : As shared by Rx
- For hybrid: GST rate 5% for restaurant items and for non restaurant items it can be any GSTvalue as shared by the Rx

Note : Same rule applies for cart level GST (if applicable for an Rx)

***Q: What changes are expected at POS/NAT players end ?***

A: As per the details mentioned above, item level GST becomes absolutely critical. Hence all Rx partners are expected to share the GST% at an item level for all items in their menu. Please note

1. This needs to be followed even if the price of the item shared with swiggy is inclusive of GST.
2. This also needs to be followed for all add-ons as a part of the menu.
3. The same logic applies for packaging charges too

***Q: What is the ETA to complete this task ?***

A: Swiggy will be building validations across its systems for GST% at item level, these changes will be tested at around 15th Dec and will be taken to production by 31st dec, 21'. Hence the ETA for POS/NAT partners to make changes in their menu is 15th Dec.

***Q: What will happen after GST validations at swiggy's end goes live ?***

A: Swiggy will start rejecting all items in the menu which will not have a GST value attached to them.

***Q: How will the Rx category and declaration as per new GST guidelines be captured from Rx partners ?***

A: Swiggy is preparing a GTM plan for the same where we will be sending a form to Rx partners to declare their category as per new GST guidelines as well as collect the declaration form. Swiggy supply team will reach out to POS players/NAT partners to increase the reach of this communication to Rx partners and ensure compliance within strict timelines.

***Q: Any other call outs from swiggy's end ?***

A: Yes, Rx which will fall under the "restaurant" category as per new GST guidelines and who do not charge GST for items in their menu today will have their net item price increased by 5% for the end customer on swiggy platform. For example if they are selling an item for Rs 100 ( and 0% GST), after 31st dec, 21' item price to the end customer at swiggy will increase to Rs 105 (100+5 (GST)).
Awareness among the Rx community to revisit (reduce) their item prices is expected from POS players. We expect POS players to make their Rx community aware of the fact that increased cost to customers might lead to reduced orders for them and hence their item prices on swiggy need to be revisited.