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OTT Platforms Worked On A Cost-Plus Model Offering Production Houses Margins That Were 30-40 Per Cent Over The Cost Of The Film

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If you are booking tickets for a movie, don't opt for the combo pack which offers food and beverages along with the movie ticket because the benefit of lower GST will only accrue if the two are paid for separately.

"One should perhaps refrain from combo packages in movie theatres on account of this curious phenomenon called Composite supply. In simple terms composite supply is when multiple goods and services are sold

together as one package. Since they are multiple goods and or service, they are subject to tax at differential rates. In this regard, for GST classification purposes, composite supply is classified under the head that gives it principal character," said Pallav Pradyumn Narang, Partner, CNK

For example, installation services sold with an AC would be taxed at the same rate as the AC. In a 'Composite Supply', the GST rate of principal supply is taken for the entire combo.

Therefore, while the rate for food and beverages sold in theatres has been decreased to 5%, movie tickets are still charged to tax at 18%. This means that if such food and beverages are bought as a combo with the tickets, they too will be subject to tax at the same rate as the tickets, which is 18 per cent.

"After the GST Council's 50th Meeting earlier this month, in respect of Food and Beverages (F&Bs) at Cinema Halls, the Council clarified that F&Bs that were sold independent of movie ticket would be treated as 'Restaurant Services,' attracting a reduced 5% GST rate. But F&Bs that were sold in a combo along with movie ticket, would be charged GST at the rate of movie ticket, i.e. at 18% or 12%," said Raj Kumar Phillips, Founder & Principal Advocate at Sirmacs Consultancy Services.

Kumar explains this with the help of an example:

When Movie Ticket and F&Bs are purchased together as a combo

Particulars	Amount W/o GST	Rate	GST Amount	Total Amount (Amt + GST)
Movie Ticket	500	18%	90	590
F&Bs	1500	18%	270	1770
				2360

When Movie Ticket and F&Bs are purchased independently:

Particulars	Amount W/o GST	Rate	GST Amount	Total Amount (Amt + GST)
Movie Ticket	500	18%	90	590
F&Bs	1500	5%	75	1575
				2165

Thus, when purchases are made separately there is a saving of Rs. 195.