

GIB/KN/Vaishnavi Splendour/17.09.2019/AAR-258

Advance Ruling Category : Exemption

State : Karnataka

Order No.: GIB/KN/Vaishnavi Splendour/17.09.2019/AAR-258

Name of Entry :

Vaishnavi Splendour Home Owners Welfare Association

Date : 17-09-2019

Breif Issue :

Facts & Issue of the Ruling

The Applicant “M/s Vaishnavi Splendour Home Owners Welfare Association” is a Homeowners’ Association with 88 members. They maintain the common area, viz. corridors, pathways, gardens, clubhouse, swimming pool, lifts, etc., provides lighting in common area, undertakes periodic up-keep of equipments etc., in the play area, etc. They collect annual contributions from its members calculated on the basis of super built-up area owned by the members. In addition they collect contribution towards corpus fund for future contingencies. They are registered under the Goods and Services Act, 2017.

In view of the above, the applicant has sought advance ruling in respect of the following questions:

- (i) Whether the applicant is liable to pay CGST and SGST on the amount of contribution received from its members?
- (ii) If the answer to (i) above is “yes”, whether it can avail the benefit of **Notification No.12/2017 dated 28-6-2017** (Sl. No. 77) read with **Notification 2/2018 dated 25-1-2018** which provide for exempting from tax, the value of supply up to an amount of Rs. 7,500 per month per member?
- (iii) If the answer to (ii) above is “yes”, whether it is required to restrict its claim of input tax credit?
- (iv) Whether the applicant is liable to pay CGST/ SGST on amounts which it collects from its members for setting up a corpus fund

Decision of Advance Ruling Authority :

Decision

The applicant is liable to pay CGST and SGST on the amount of contribution received from its members as their activities of amounts to taxable supply of service.

The benefit of exemption, under entry no.77 of **Notification No. 12/2017 –Central Tax (Rate) dated**

28.06.2017 (as amended by **Notification No.02/ 2018 – Central Tax (Rate) dated 25.01.2018**), is available to the applicant only if maintenance charges (contributions) do not exceed Rs.7,500/ – per month per In case the charges exceed Rs.7,500/ – per month per member, the entire amount is taxable.

The applicant is eligible to claim input tax credit on the inward supplies of goods and services and this is subject to the restrictions as enumerated in Section 17(2) of the CGST Act read with Rule 42 of the CGST Rules and other restrictions applicable if any.

The applicant is not liable to pay CGST/ SGST on amounts collected from members for setting up a corpus fund.

The Appellant further filed an appeal to the Appellate Authority for Advance Ruling with regard to the Advance Ruling sought. The decision of the Appellate Authority for Advance Ruling can be found on

[GIB/KN/Vaishnavi Splendour/21.01.2020/AAAR-27](#)