

**GIB/MH/Rotary Club of Mumbai/11.12.2019/AAAR-28**

**Appellate Advance Ruling Category :** Supply

**State :** Maharashtra

**Order No.:** GIB/MH/Rotary Club of Mumbai/11.12.2019/AAAR-28

**Name of Entry :**

Rotary Club of Mumbai Nariman Point

**Date :** 11-12-2019

**Breif Issue :**

**Facts & Issue of the case**

The present appeal has been filed by Applicant “Rotary Club of Mumbai Nariman Point” against the Advance Ruling No. GST-ARA-142/2018-19/B-88 dated 13.08.2019. "Rotary" is an International organization having clubs in 216 countries engaged in humanitarian and charitable services. These services are executed through various districts comprising of many Clubs. In order to facilitate the meetings and administration, reimbursements are collected from members. These amounts are then used for administration and meetings. In some cases, the amount so collected is likely to exceed Rs.20 lacs, being the threshold for registration under GST Act, 2017.

The appellant filed application for advance ruling seeking an advance ruling in respect of the following questions: -

Whether contributions from the members in the Administration Account, recovered for expending the same for the weekly and other meetings and other petty administrative expenses incurred including the expenses for the location and light refreshments, amounts to or results in a supply, within the meaning of supply?

If answer to question no. 1 is affirmative, whether it will be classified as supply of goods or services?

Whether the applicant would be a taxable person under the provisions of the Act?

If answer to question no. 3 is affirmative, who shall be person responsible under GST, as office bearers keep on changing every year?

Whether the said collection of funds under common pool and spending back the same on said contributors, would entail 'supply' as defined in the law?

If answer to Question No. 5 is affirmative, whether the same would be supply of goods or services?

The AAR passed the Advance Ruling No. GST-ARA-142/2018-19/B-88 dated 13.08.2019 in respect of the six questions enumerated above. . The Advance Ruling can be found at [GIB/MH/Rotary Club of Mumbai/13.08.2019/AAR-16](#)

Aggrieved by the rulings passed by the AAR, the appellant has preferred appeal before appellate authority to: - set aside the Order No. GST-ARA-142/2018-19/B-88 dated 13.08.2019 and allow the present appeal in full with consequential relief to the appellants; order that transaction between an association or club and its member will not be covered within the scope of supply u/s.7 of the CGST Act, 2017. Hence the same shall not be taxable; grant a personal hearing/ grant an out of turn hearing; and pass such other order or orders as may be deemed fit and proper in the facts and circumstances of the case.

**Decision of Advance Ruling Authority :****Decision**

The Appellate authority hereby, held that the amount collected as membership subscription and admission fees from members is not liable to GST as supply of services.

It has been submitted by the Appellant that entire subscription/membership amount collected by the Appellant from its members is utilized solely towards expenditures incurred in the meetings, communication and other administrative expenses like printers, stationeries etc. They have categorically submitted that they do not provide any facility or benefit to any of its members against the said subscription or membership fee. Thus, on perusal of the above submissions, it is observed that the Appellant is not providing any specific facility or benefits to its members against the membership subscription charged by it, as the entire subscription amount is spent towards meetings and administrative expenditures only. Thus, the authority concluded that the Appellant is not doing any business as envisaged under section 2(17) of the CGST Act, 2017.

Now, once it has been established that the Appellant is not doing any business in terms of section 2(17) of the CGST Act, 2017, it can be deduced that activities carried out by the Appellant would not come under the scope of supply as envisaged under section 7(1) of the CGST Act, 2017. On the contrary, if the impugned activities of the Appellant are held to be supply, then the membership fee collected by the Appellant, which is purely in the nature of a reimbursement for the meetings and administrative expenditures incurred by the Appellant to sustain and propagate their inherent objectives and programs, would be subject to the double taxation as the amount spent towards the meetings and administrative expenditures is already subjected to GST at the hands of the suppliers of these input services or goods used in the meetings, events and other administrative functions of the Appellant. Thus, doing so would clearly be against the legislature's intention of the formulation of GST, which certainly does not embrace the idea of double taxation.

Once the core issue regarding the taxability of the membership subscription fee has been decided by the authority, the answers to the other issues/questions posed by the Appellant vide their advance ruling application will follow and the same do not warrant separate discussions.