

GIB/KN/ACHARYA/30.09.2019/AAR-198

Advance Ruling Category : Taxability

State : Karnataka

Order No.: GIB/KN/ACHARYA/30.09.2019/AAR-198

Name of Entry :

Acharya shree mahashraman

Date : 30-09-2019

Breif Issue :

Issue & Fact of the Case:

Whether the applicant is liable to pay tax on renting of temporary residential rooms for consideration to the devotees and renting of space for shops and stalls for the purpose of religious programmers where the predominant object is not to do business but for advancement of religion, and whether the applicant is liable to pay tax on the same where charges per room is less than one thousand per day?

Whether the applicant is liable to pay tax on renting of space for stalls, where the predominant object is not to do business but for advancement of religion

Whether the applicant is liable to pay tax on supply of foods and beverages at subsidized rates to the devotees, where the predominant object is not to do business but for advancement of religion

Whether the applicant is liable to pay tax on providing space for registered person without consideration for supply of food and beverages to the devotees, where consideration is received by registered person directly from devotees

Whether applicant is liable to pay tax for acting intermediary for booking hotel rooms to the pilgrims from outside.

1. The applicant is registered under section 12AA of the income tax Act, 1961, carrying out religious and charitable activities and applicant is also engaged in spreading knowledge and advancement of Jain dharma.
2. The applicant is conducting religious functions like pravachans, spiritual speeches, Dhyana, meditation etc. in between July 2019 to November 2019 from kumbalagodu village, Bengaluru for the public without charging any fee from publics.
3. The applicant provides boarding & lodging facility (of different kind) to devotee who are staying away from the place of residence for which applicant erecting temporary residential rooms and also provide space for stall for which applicant charge consideration.
4. Applicant also provide food and beverages to the devotee at the subsidized rates and also

provide space without consideration to another registered person who supplies food and beverages to the devotees for consideration which directly flows from devotees.

5. **Entry no 1 of N/N 12/2017 -central Tax (Rate) dated 28.06.2017** state that “services by an entity registered under sec 12AA of the income tax act,1961 by way of charitable activities “is exempt from CGST.
6. The term “**Charitable Activity**” is defined in **clause (r) of Para 2 of the N/N 12/2017-Central Tax (Rate) dated 28.06.2017**.The definition of “Charitable Activity” in the context of the applicant, is verified and found that an activity to be covered under the definition of charitable activity must be related to the advancement of religion , spirituality or yoga .The applicant is constructing building and giving it on rent etc. which are not directly related to advancement of religion, spirituality , or yoga and Hence the contention of the applicant that these are not in the course or furtherance of business cannot be accepted and held that these are not covered within the meaning of “supplies” under **section 7(1) of CGST Act**.

Decision of Advance Ruling Authority :

Decision:

The applicant is liable to pay tax in renting of temporarily residential rooms for consideration to the devotees and renting of space for shops and stalls and The applicant is liable to pay tax on renting of temporary residential room of all categories if the declared tariff of a unit of accommodation is RS. 1000-00 or more per day.

The applicant is liable to pay tax on renting of space for stalls

The applicant is liable to pay on supply of food and beverages at subsidized rates to the devotees

The applicant is liable to pay tax on providing space for registered person without consideration for supply of food and beverages to the devotees, only if the applicant and such registered person are covered under the definition of related person.

The applicant is liable to tax for acting as an intermediary for booking of hotel rooms to the pilgrims from outside, if he does not satisfy all the conditions prescribed for a pure agent.