

TAXATION ON CO-OPERATIVE SECTOR



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory body under an Act of Parliament)

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Vision Statement

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

Mission Statement

"The Cost and Management Accountant professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting"

Objectives of Taxation Committee:

1. Preparation of Suggestions and Analysis of various Tax matters for best Management Practices and for the professional development of the members of the Institute in the field of Taxation.
2. Conducting webinars, seminars and conferences etc. on various taxation related matters as per relevance to the profession and use by various stakeholders.
3. Submit representations to the Ministry from time to time for the betterment and financial inclusion of the Economy.
4. Evaluating opportunities for CMAs to make way for further development and sustenance of the opportunities.
5. Conducting and monitoring of Certificate Courses on Direct and Indirect Tax for members, practitioners, stakeholders and also Crash Courses on GST for Colleges and Universities.

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- Fortnightly Tax Bulletin
- Certificate & Advanced Certificate Courses on Indirect Tax
- Certificate & Advanced Certificate Courses on Direct Tax
- GST & Income Tax Course for College & University Students
- Various Publications in Direct Tax & Indirect Tax

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President's Message

I extend my heartfelt gratitude to the Tax Research Department for their invaluable contribution in the form of the revised edition of 'Taxation on Cooperative Sector under GST'. I also want to express my sincere appreciation to the resource persons who have generously shared their expertise over the past few months. Their unwavering support and encouragement have propelled us to new heights, enabling us to better serve our stakeholders, students, and learners. Their mentorship has left a profound impact on all of us.

A cooperative, as defined, represents a collective endeavor aimed at fulfilling common economic, social, and cultural needs through a democratically controlled enterprise. Such businesses often exhibit greater economic resilience and contribute to community development by reinvesting profits.

In the realm of direct taxation, cooperative societies are mandated under Section 44AA of the Income Tax Act to maintain comprehensive records facilitating the computation of total income. Additionally, these societies are subject to audit requirements under Section 44AB, notwithstanding any audits conducted by the administrative department (such as the Directorate of Cooperative Audit) as per State Cooperative Laws. However, tax audit provisions generally do not apply to societies not engaged in business activities. Moreover, cooperative societies with turnovers exceeding Rs. 20 lakhs are obligated to comply with GST regulations. Understanding these intricacies is crucial, hence the necessity for this handbook.

I extend my congratulations to the Tax Research team for their dedication and achievements. I am grateful for the feedback and constructive criticism received from my fellow members. Special acknowledgment is due to the Chairpersons of both Taxation Committees for their role in conceptualizing these ideas. I am confident that this revised handbook will effectively address many of the challenges faced by our members in their day-to-day work.

Thank you.

CMA Ashwinkumar G. Dalwadi
President



Vice President's Message

I extend warm greeting and congratulating to the CMA Family Members & Stakeholders!

I am delighted to know that, the ICMAI-Tax Research Department is publishing a "Handbook on GST on Co-operative Sector" as a referral book specifically focused on GST in the cooperative sector. I believe this book will undoubtedly be a beneficial tool for CMA members and stakeholders. It will provide clear guidance and insights into the intricacies of GST as it applies to cooperative societies, helping professionals navigate the complexities of taxation in this specific domain. Such initiatives contribute significantly to professional development and ensure better compliance with tax regulations. It's great to see organizations like ICMAI-Tax Research Department taking proactive steps to support their members and stakeholders.

A cooperative society is not a new concept. It prevails in all the countries; this is almost a universal concept. The cooperative society is active in all countries worldwide and is represented in all the sectors including agriculture, food, finance, healthcare etc. To protect the interest of weaker sections, the co-operative society is formed. It is a voluntary association of persons; whose motive is the welfare of the members.

Again, Goods and Services Tax (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed. GST is one indirect tax for the entire country. The implementation of Goods and Services Tax (GST) has significantly streamlined the indirect tax system, replacing multiple taxes with a single, unified tax structure in many countries. In India, the inclusion of cooperative societies under GST regulations once their turnover exceeds a certain threshold ensures consistency and fairness in taxation.

The publication of handbooks by taxation committee and Tax Research Department is commendable as it helps disseminate crucial information and guidelines to ensure compliance and understanding among members and stakeholders. Congratulations to all involved in this endeavor and extend my best wishes for the success of such initiatives!

With warm regards,

A handwritten signature in black ink, appearing to read 'Bibhuti'.

CMA Bibhuti Bhusan Nayak

Vice President



Chairman's Message

Co-operative institutions can bring in desired social change and help in economic development. Rural cooperatives can generate desired confidence which can help in creating appropriate infrastructure and improve the network of various agencies and institutions in rural areas. It prevails in all the countries; this is almost a universal concept. The cooperative society is active in all countries worldwide and is represented in all the sectors including agriculture, food, finance, healthcare etc. To protect the interest of weaker sections, the co-operative society is formed. It is a voluntary association of persons, whose motive is the welfare of the members.

The Cooperative Societies can be defined as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise".

India is an agricultural country and laid the foundation of World's biggest cooperative movement in the world. The need for profitability is balanced by the needs of the members and the wider interest of the community; the Cooperatives were started by the weaker sections of society for protecting its members from the clutches of profit hungry businessmen. Here, in the handbook we are giving a brief summary about the impact of taxation on Cooperative Sector in India for general awareness.

I congratulate Team - Tax Research for their commitment and dedication in publishing this handbook. I would like to acknowledge the dedicated efforts of all the Resource Persons in releasing this revised edition of the Handbook. I wish them all the Luck!!

With warm regards,

A handwritten signature in black ink, appearing to read 'Rajendra Singh Bhati', with a long horizontal line extending to the right.

CMA Rajendra Singh Bhati

Chairman – Indirect Taxation Committee



Chairman's Message

The Tax Research Department of our institute regularly brings out handbooks on various aspects of tax which will be a value addition to all. The Handbooks of TRD have always been filled with knowledge and serve the readers well. Co-operative institutions in India are governed by Direct Tax and Indirect Tax both. In direct Tax Deductions under Section 80P of Income Tax Act applies to Co-operative Societies alone. Under this section, deductions are allowed of a certain specified income of a co-operative society which is generated from specific activities, provided the said income is included in the gross total income of the society.

It is to be noted here that 100% deduction is allowed for the profits and gains included in the gross total income, which is attributable to some important activities like: Business of providing credit facilities or banking to its members; or Cottage industry; or Marketing of agricultural produce grown by its members; or Purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members; or Processing of agricultural produce of its members without the aid of power to name a few. There are also Limited deductions, General Deductions, Specific Exclusions which are provided for the aid of cooperative sector. This book intends to touch base on these important points.

I appreciate the efforts of Team - Tax Research for their commitment and dedication in publishing this handbook. I would like to acknowledge the dedicated efforts of all the Resource Persons in releasing this revised edition of the Handbook. I hope that the handbook will be of use to all the stake holders and public at large.

With Warm Professional Regards,
Forever, yours in service,

A handwritten signature in black ink, appearing to read 'V. Murali'.

CMA (Dr.) V. Murali
Chairman – Direct Taxation Committee

Preface

The GST regime initially had been a roller coaster ride for many, but any rational man would appreciate the concerted efforts of the Government to cover the distance to a utopian tax regime. Be it from rate rationalization to addressing issues of India's exporters or from relaxing compliances to addressing issues which were jeopardizing ease of doing business, this Government with the recommendations of the GST Council has found solutions to most impediments in GST.

One of the biggest triumphs associated with GST is the depiction of cooperative federalism, with almost all decisions on GST being taken with consensus among members of the GST Council. While every new law does initially have some hiccups, it was essentially the proactive outlook of this body that helped tackle these impediments and address major issues of businesses.

The efforts of this body be it the basic construct of law, efforts on issuing clarifications on ambiguities in the law, relaxations on compliances or rate rationalizations are applauded and recognized by almost all businesses in India. Given the experience and outcome in the last one and a half year of this new tax regime, businesses yearn for continued depiction of cooperative federalism by the GST Council; with there being consensual efforts on addressing GST related hardships/ issues of businesses.

We, the people working in the field of indirect taxation needs to have a basic understanding of implications of GST on Co-operative Sector. We are grateful to CMA Anil Sharma without whose contributions this publication would not have been so well published.

Thank You.

Tax Research Department

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CHAPTER 1

Introduction

Co-operative Sector - Meaning and importance of co- operation

“Literally, Co-operation means working together. To be more appropriate, we may define Co-operation as acting together to accomplish the common goal through Co-operative principles”. Likewise, Co-operative society may be defined as an organisation of individuals with small means, formed for running in common of business, the profits being shared in accordance with the amount of labour or capital contributed by each Co-operation facilitates mass voluntary participation in an organised way to enlist the support of millions of small farmers, artisans, craftsmen, cottage and small- scale enterprises

The Co-operative form of organisation thus is an effective medium for bringing about the socio-economic transformation of the hitherto neglected sectors. Where the masses flock, Co-operatives facilitate material advancement through united action which in turn fosters self-reliance. The Co-operative movement is acclaimed in all plan documents as the means of transferring the rural society.

What is a cooperative sector?

A cooperative (also known as co-operative, co-op, or coop) is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”.

Cooperative sector industries are owned and managed by a group of people. Generally the members are the producers of raw materials.

Examples of such industries are handloom, food processing and diary products. Amul is an Example of Cooperative sector society.



Type of Cooperative Societies

The main types of cooperative societies are given below:

1. Consumers cooperative societies:

Consumers' cooperatives are formed by the consumers to obtain their daily requirements at reasonable prices. Such a society buys goods directly from manufacturers and wholesalers to eliminate the profits of middlemen.

These societies protect lower and middle class people from the exploitation of profit hungry businessmen. The profits of the society are distributed among members in the ratio of purchases made by them during the year.

Consumer's cooperatives or cooperative stores are working mainly in urban areas in India. Super Bazar working under the control of Government is an example of consumers' cooperative society.

2. Producers cooperatives:

Producers or industrial cooperatives are voluntary associations of small producers and artisans who join hands to face competition and increase production. These societies are of two types.

(a) Industrial service cooperatives:

In this type, the producers work independently and sell their industrial output to the cooperative society. The

society undertakes to supply raw materials, tools and machinery to the members. The output of members is marketed by the society.

(b) Manufacturing cooperatives:

In this type, producer members are treated as employees of the society and are paid wages for their work. The society provides raw material and equipment to every member.

The members produce goods at a common place or in their houses. The society sells the output in the market and its profits are distributed among the members.



3. Marketing Cooperatives:

These are voluntary associations of independent producers who want to sell their output at remunerative prices. The output of different members is pooled and sold through a centralised agency to eliminate middlemen. The sale proceeds are distributed among the members in the ratio of their outputs.

As a central sales agency, the society may also perform important marketing functions such as processing, grading and packaging the output, advertising and exporting products, warehousing and transportation, etc.

Marketing societies are set up generally by farmers, artisans and small producers who find it difficult to face competition in the market and to perform necessary marketing functions individually. The National Agricultural Cooperative Marketing Federation (NAFED) is an example of marketing cooperative in India.

4. Cooperative Farming Societies:

These are voluntary associations of small farmers who join together to obtain the economies of large scale farming.

In India farmers are economically weak and their land- holdings are small.

In their individual capacity, they are unable to use modern tools, seeds, fertilizers, etc. They pool their lands and do farming collectively with the help of modern technology to maximum agricultural output.

5. Housing Cooperatives:

These societies are formed by low and middle income group people in urban areas to have a house of their own. Housing cooperatives are of different types. Some societies acquire land and give the plots to the members for constructing their own houses.

They also arrange loans from financial institutions and Government agencies. Other societies themselves construct houses and allot them to the members who make payment in instalments.



6. Credit Cooperatives:

These societies are formed by poor people to provide financial help and to develop the habit of savings among members. They help to protect members from exploitation of money lenders who charge exorbitant interest from borrowers.

Credit cooperatives are found in both urban and rural areas. In rural areas, agricultural credit societies provide loans to members mainly for agricultural activities. In urban areas, non-agricultural societies or urban banks offer credit facilities to the members for household needs.

In India, several national federations of cooperative societies have been formed. National Cooperative Consumers Federation, National Federation of Cooperative Sugar Factories, National Agricultural Cooperative Marketing Federation, National Cooperative Dairy Federation,

National Cooperative Housing Federation, All India State Cooperative Banks Federation is some examples.

Objectives of Cooperative Society

- ✱ To provide support and services to the members of the society and not to earn the profit
- ✱ To help each other mutually and not to have competition
- ✱ To practice fair and transparent business activities
- ✱ To deliver the quality goods and produce to the end customers

Advantages of Cooperative Society

- ✱ Membership of the co-operative society is open to all, who have a common object of providing service without expecting returns on it. The member can join and leave the society as per their wish.
- ✱ Capital Invested for the society is contributed by the member and various grant and subsidies are received from the government for smooth processing of business.
- ✱ A cooperative society is registered under Cooperative Societies Act, it is a separate legal entity where the liability



of its member is limited. It can run the business under its name.

- ✱ Where the cooperative society earns more profit while conducting their business operation, it is distributed among the members based on their participation in business.

Disadvantages of Co-operative Society

- ✱ Co-operative society targets small and medium-size businesses.
- ✱ Due to lack of funds, it is difficult to promote the business operation and sales promotion
- ✱ Lack of management skills to control and monitor the members
- ✱ Management has to depend on Honesty, Integrity, and loyalty to the members

Registration of the Cooperative Society

- ✱ To form a society, minimum 10 Individuals shall be desirous of forming a society for mutual benefit.
- ✱ Once the group is formed, a provisional committee is established and they elect a chief promoter for the society.
- ✱ The name for the society is selected by the chief promoter and members mutually.
- ✱ An application has to be made to registration authority explaining the business operation to be conducted by the members. After submitting documents and confirming, the concerned authority issues a certificate of name approval.
- ✱ After name approval, the registration fees and the share capital amount has to be collected from prospective members.
- ✱ A separate bank account in the name of the society must be opened. Registration fees and share capital amount has to be deposited in that bank account. The bank will issue a certificate for it.
- ✱ Once the bank formalities are completed, the chief



promoter has to apply for the registration process with all set of documents.

- ✱ The application for registration has to be made in

Form No. A, which needs to be consent of 90% of the members

- ✱ Once the documents are submitted, the concerned authority will cross verify the documents and decide whether to issue a certificate or not?
- ✱ The register of application is maintained by the registrar of the particular ward to enter the details of the new forming society. An application has to be made in Form B.
- ✱ The Registrar issues a receipt for submission of application and provides the status of such application from time to time.
- ✱ If there is any discrepancy in the application, it must be sent for rectification.
- ✱ The registering authority after being satisfied will notify society registration in the official gazette and issue a registration certificate to its member.



CHAPTER 2

Taxation on Co-operative Society

A business can be formed under the organizational set up of a cooperative society just like it can be formed as a Company. There is a general belief that cooperative societies are exempted from the various compliances of direct or indirect taxation. In fact it is not so – rather to get the various tax reliefs, particularly for income tax, a cooperative society must set up a process for tax compliance, tax management and tax planning



Income Tax on Co-Operative Societies

Section 2(19) of the Income Tax Act, 1961, has defined a co-operative society as; “A society registered under the Co-operative Societies Act, 1912, or under any other law for the time being in force in any state for the registration of Co-operative societies.” This article strives to help the reader understand the basis of Co-Operative Society taxation and income tax return filing.

Section 81

Income Tax Deductions for Co-Operative Societies - Section 80P

Sr. No.	Society engaged in business of Nature of Income	Amount deductible	Applicability & Conditions
1)	Providing credit facility to members	Entire profit from such business	<ul style="list-style-type: none"> ☆ W.e.f. A.Y. 2007-08 deduction not available to co-operative bank. ☆ Primary co-operative agricultural & rural development bank & chit funds can claim deduction.



Sr. No.	Society engaged in business of Nature of Income	Amount deductible	Applicability & Conditions
			☆ Providing credit facility means providing loans & other credit facilities. Does not include selling goods on credit/hire purchase.
2)	Cottage Industry	Entire profit from such business	For qualifying as cottage industry – ☆ Business is to be carried on in a small scale, with limited capital, workers & turnover.
			☆ Business is carried on by members of society (share holders) & their families.
			☆ Business must involve activity of manufacture, production or processing and not merely in trade.
			☆ It is not required to be registered under Factories Act.
3)	Marketing of Agricultural Produce	Entire profit from such business	—
4)	Purchase of Agricultural Implements, seeds, live stock, other articles intended for agriculture	Entire profit from such business	☆ It is for the purpose of supplying them to its members.
5)	Processing Agricultural Produce of Members (without aid of power)	Entire profit from such business	—



Sr. No.	Society engaged in business of Nature of Income	Amount deductible	Applicability & Conditions
6)	Primary society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its members	Entire profit from such business	☆ Milk, oil seeds, fruits or vegetables are grown or raise by its members ☆ Milk, oilseeds, fruits or vegetables are supplied to a federal co-op. society (engaged in similar business), Government or local authority, Government company or a statutory corporation (engaged in similar business)
7)	Engaged in any other activity	Entire amount before the Profits and Gains exceeds ₹15,000	
8)	Interest income/ Dividend income	Entire amount of such income	☆ Such income is received from investment in any other co-operative society
9)	Letting of godowns/ warehouses	Entire amount of income derived from such business	☆ Godowns/warehouses are let for storage, processing or facilitating the marketing of commodities
10)	Interest on securities u/s 18 & property income u/s 22	Entire amount of such income	☆ Benefit not available to housing society, urban consumers society, society carrying on transport business, society engaged in manufacturing operations with aid of power
			☆ Gross total income of such society does not exceed ☆ ₹ 20,000.



Income Tax Slabs or Rates | Co-operative Societies FY: 2019-2020, 2020-21, 2021-22, 2022-23 & 2023-24

Total Income (Rs.)	Income Tax Slab/ Rate
Upto 10,000	10% of Total Income
10,001 to 20,000	₹. 1,000 plus 20% of Total Income
Above 20,000	₹. 3,000 plus 30% of Total Income

The Resident Co-OP Societies have been given an option to opt for taxation under newly inserted section 115BAD wef AY 2021-22 (FY 2020-21) to be taxed at 22% for any income without any exemption or deductions or incentives and/or carried forward of losses. The options once exercised cannot be changed subsequently.

Notes:

Income Tax Rates for Co-operative Societies in each slab, as mentioned above, are inclusive of income tax liability upto previous slab(s). To arrive at total income tax liability, education cess and surcharge are to be applied, as under:

1. Education cess/ secondary and higher education cess @ 4% in all cases; and
2. Surcharge @ 12% in cases where total income exceeds Rs.10 crore, subject to provisions relating to marginal relief, if applicable and @7% if income exceed 1cr but below 10 cr.

Filing of return & due date & PAN/TAN

Since there is no threshold limit for taxability of income in case of a co-operative society, it implies that if a society has any taxable income, it has to file a return of income. Consequently, it is imperative to apply for PAN by each income earning Co-operative Society

Since accounts of all co-operative societies are subject to statutory audit provisions under respective governing laws, therefore due date for filing return of income under the Income-tax Act, 1961 is September 30.

If the society has to deduct income tax it must obtain TAN number. The society is also bound by provisions of TAN and filing of return of TDS.



Tax Audit

Tax audit is compulsory if turnover of society (engaged in business) is more than ₹1 crore (w.e.f. A.Y. 2013-14) [₹60 lakhs for A.Ys. 2011-12 & 2012-13]. Tax Audit provisions is generally not applicable to societies which do not carry on any business.

For the co-operative society where tax audit is applicable is required to maintain following books of accounts-

- Journal
- Ledger
- Day Book
- Purchase Register
- Sales Register
- Cash Book etc.

For example, housing societies in years of construction of building premises and redevelopments of their properties, provisions of section 44AB would not apply as there is no business activity.



CHAPTER 3

GST and Co-operative Sector

(Relevant Provisions & Notifications)

Section 7: Supply

For the purposes of this Act, the expression “supply” includes–

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
- (b) import of services for a consideration whether or not in the course or furtherance of business;
- (c) the activities specified in Schedule I, made or agreed to be made without a consideration; and
- (d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II. Notwithstanding anything contained in sub-section (1),–
 - (a) activities or transactions specified in Schedule III; or
 - (b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

Subject to the provisions of sub-sections (1) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as—

- (a) a supply of goods and not as a supply of services; or
- (b) a supply of services and not as a supply of goods.

So, services provided by societies to its members are subject to GST



Section 22- Persons liable for registration: Societies are also subject to GST as under:

Aggregate Turnover	Monthly Contribution per member per month	Liable to take registration
Less than Rs. 20 lakhs	Less than Rs.7,500	NO
Less than Rs. 20 lakhs	More than Rs.7,500	NO
More than Rs. 20 lakhs	Less than Rs.7,500	NO*
More than Rs. 20 lakhs	More than Rs.7,500	YES

*Circular No 109/20/2019-GST dt 22nd July, 2019

Societies are not eligible for registration under Section 10 i.e Composite Scheme.

Section 23- Persons not liable for registration

The following persons shall not be liable to registration,

- any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act;
- an agriculturist, to the extent of supply of produce out of cultivation of land.

The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.

Notification No. 12/2017 (Central Tax Rate) Date – 28.06.2017

Serial No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (percent.)
77	Heading 9995	Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution – a) as a trade union;	Nil



Serial No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (percent.)
		(b) for the provision of carrying out any activity which is exempt from the levy of Goods and service Tax; or (c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex	Nil

Notification No. 2/2018(Central Tax Rate) Date – 25.01.2018

Notifications on GST Applicability on Maintenance charges paid in Apartments/RWA's

As per this Notification, Notification No. 12/2017 (Central Tax Rate dt. 28.06.2017) has been amended.

Amendment - Against serial number 77, in the entry in column (Description of Services), for the words "five thousand", the words "**seven thousand five hundred**" shall be substituted. The exemption ceiling was enhanced from Rs 5,000 per month per member to Rs 7,500.

So, services up to Rs. 7,500/- per month per members are exempted irrespective to turnover. Once amount increases the limit of Rs. 7,500/-, services of cooperative society will be taxable.

Whether Cooperative Society is liable for registration under GST?

When the aggregate turnover of a Cooperative Societies in a financial year exceeds Rs. 20 Lakhs, such Cooperative Societies become liable for Registration under GST as per Sec 22.(1) of CGST Act. That means when the collection of money maintenance charges as collected from members and other services provided to outsiders by society exceeds Rs 20 Lakhs per annum then the Society need to be Registered under GST. It means that if the aggregate turnover (total receipts) of the Housing Societies which generally includes society maintenance charges from its members, income receipts from advertisement



board, receipts from mobile towers in premises, Share transfer fee from members, receipts from special purpose use of common area by member (marriage function etc) etc. Exceeds Rs. 20.00 lakh, registration is compulsory.

Housing Society is liable to register if total of all the receipts (including exempted receipts) exceeds Rs. 20 Lakh in a financial year. Thus Co-operative Housing Society or Residential Welfare Association who's Turnover (collection money) crosses Rs.20 Lakhs per annum become liable for Registration under GST and should charge GST (CGST + SGST) from its members.

Registration -

A co-operative society like any other businesses is liable to register if the aggregate turnover or collection is more than 20 lakhs in the preceding financial year. If the turnover does not exceed 20 lakhs the society may not get register. Society being a service provider cannot register under composition scheme

What are the main Document Required for Registration of Society in GST?

Society is liable to register if aggregate turnover exceeds Rs. 20.00 Lakh in a Financial Year. Following Important Documents are required for Registration:

- ☆ PAN Card of Society
- ☆ Bank Statement of Society
- ☆ Society Registration Certificate
- ☆ Authorization Letter
- ☆ Authorization person Address proof
- ☆ Authorized person Photograph
- ☆ ADHAAR no of authorized person
- ☆ Digital Signature Certificate of Authorized Person

Rate of Tax

The society is liable to collect tax at the rate of 18% if the aggregate turnover exceeds 20 lakhs



Input Tax Credit

Co-operative housing society is eligible to claim input tax

credit on taxes paid by it on purchase of capital goods or input services such as repair and maintenance. In pre- GST regime society was not liable to claim ITC on taxes paid by them. This would benefit the society in the form of reduction in cost. No ITC would be available where GST is not applicable on expenses like Electricity expenses, Stamp Duty, property taxes etc. For detail please ref Section 16 to 21 of CGST Act, 2017 read with rules 36 to 45 as amended from time to time.

Reverse Charge Mechanism

Reverse Charge is a mechanism under which the recipient of supply is liable to pay GST. Co-operative societies are also covered under reverse charge mechanism. If the society avails any supply of goods or services from unregistered persons the society is liable to pay GST on such goods or services. Similarly if the society avails services which are compulsorily covered under RCM, the society is liable to pay GST on such services. The society can claim ITC on tax paid under RCM. Section 9(3) & (4) may be referred.

Books of Accounts: Society is liable to prepare and maintain proper books of accounts. It would also be liable to audit if the aggregate turnover exceeds the threshold limit of audit [Journal, Ledger , Day Book ,Purchase Register , Sales Register ,Cash Book etc.]

Invoices: Society is required to change the invoice format of monthly/quarterly/yearly bills invoiced to the members. Society should mention the GSTIN No, the tax collected and so on in the invoice issued by it

Compliance: to be followed by the society under GST law Returns Society are also liable to file monthly returns i.e. GSTR-1, GSTR-3B

Due Date for GST Return Submission

Return	Due Date
GSTR 1 (Turnover more than 1.5 Crore) – Monthly Return	11th day of the successive month
GSTR 3B - Monthly Return	20th day of the successive month
GSTR 9 and 9C – Annual Return	31st December of next FY



S. No.	Question	Answer
1.	The society collects the following charges from the members on quarterly basis as follows:	<p>1. Services provided by the Central Government, State Government, Union territory or local authority to a person other than business entity, is exempted from GST. So, Property Tax, Water Tax, if collected by the RWA/ Co-operative Society on behalf of the MCGM from individual flat owners, then GST is not leviable.</p> <p>2. Similarly, GST is not leviable on Non Agricultural Tax, Electricity Charges etc, which are collected under other statutes from individual flat owners. However, if these charges are collected by the Society for generation of electricity by Society's generator or to provide drinking water facility or any other service, then such charges collected by the society are liable to GST.</p> <p>3. Sinking fund, repairs & maintenance fund, car parking charges, Non- occupancy charges or simple interest for late payment, attract GST, as these charges are collected by the RWA/Co-operative Society for supply of services meant for its members.</p>
	1. Property Tax-actual as per Municipal Corporation of Greater Mumbai (MCGM)	
	2. Water Tax-Municipal Corporation of Greater Mumbai (MCGM)	
	3. Non-Agricultural Tax Maharashtra State Government	
	4. Electricity charges	
	5. Sinking Fund- mandatory under the Bye-laws of the Co-operative Societies	
	6. Repairs & maintenance fund	
	7. Car parking Charges	
	8. Non Occupancy Charges	
	9. Simple interest for late payment.	
	From the tax/ charge as listed above, on which GST is not applicable.	
2.	As per guidelines on maintenance charge upto Rs. 7,500/- no GST is applicable. Maintenance charges means only maintenance or collection of all charges	This is applicable to only the reimbursements of charges or share of up to an amount of Rs. 7,500 per month per member for sourcing of goods or services from a third person for the common use of its members. Here, charges mean the individual contributions made by members of the society to avail services or goods by the society from a third party for common use. [*Entry 77(c) of notification no 12/2017 Central Tax (Rate) dated 28.6.2017 refers]



S. No.	Question	Answer
3.	Monthly maintenance (all above charges) are below Rs 7,500/-but yearly total collection exceeds Rs. 20 lakhs limit whether GST is applicable	Reimbursement of charges or share of contribution up to an amount of Rs. 7,500/- per month per member for sourcing of goods or services from a third person for the common use is not liable to GST. However, if the Cooperative society/ RWAs provide specific services of its own to its members or to any third party (e.g. use of community hall for social function by a non-member) cumulatively exceeds the threshold limit as per GST, then GST is leviable on such supply of services subject to thresh hold limit of Rs. 20 lakh.
	Total collection exceeds Rs. 20 lakhs limit whether GST is applicable	Monthly charges of Rs. 7,500/- per member for sourcing of goods or services <u>from a third person for the common use is not liable to GST.</u> However, if the Co- operative society/ RWAs provide specific services of its own to its members or to any third party (e.g. use of community hall for social function by a non-member) cumulatively exceeds the threshold limit as per GST, then GST is leviable on such supply of services.
4.	At present we are following quarterly billing-whether we should change to monthly billing in view of the monthly return to be filed under GST Rules.	It is individual business decision.

CHAPTER 4

Detailed Analysis of GST on Housing Society with FAQs

GST is applicable to housing society?

Yes. GST is applicable to housing society

Housing society is not engaged in any business activities hence GST should not be applicable?

No. Under section 2 (17) of GST act the term "Business" had been defined which says Business includes - Provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members. Hence GST is applicable to housing society

Is there any limit or exemption available?

Tax payers having aggregate turnover in financial year up to 20 lakhs are exempt from tax. This is common exemption available to all tax payer.

How to calculate Aggregate turnover?

Aggregate turnover means the aggregate value of all taxable and non-taxable supplies, exempt supplies and exports of goods and/or services Example of taxable supply are service charge, Non-occupancy charges, Interest on delay payment, Sinking fund, Parking charges, Transfer fee Example of exempt or non taxable supply are Bank interest, FD interest, Water charges.

Let's see below scenarios –

PARTICULARS	CASE 1	CASE 2	CASE 3	CASE 4	CASE 5
Total Service Charge	6,00,000	8,00,000	9,00,000	12,00,000	2,00,000
Total SinkingFund	3,00,000	4,00,000	5,00,000	6,00,000	1,00,000



PARTICULARS	CASE 1	CASE 2	CASE 3	CASE 4	CASE 5
Total Non-Occupancy Charges	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Total Transfer fee	1,50,000	20,000	0	60,000	50,000
Total Interest on delayed pament	80,000	2,00,000	4,00,000	1,50,000	75,000
Total Non-member Income	0	6,00,000	5,000	20,000	4,00,000
Total Bank Interest	8,00,000	10,000	60,000	45,000	2,00,000
Total Turnover	20,30,000	21,30,000	19,65,000	21,75,000	11,25,000
Contribution exceeds Rs.7500 per month*	Yes	No	Yes	Yes	No
Liable to Register	Yes	Yes	No	Yes	No

Is there any other exemption available to society?

Yes. Apart from above common exemption there is below exemption provided under schedule of GST to housing society

If society is collecting contribution less than Rs. 7,500/- per month then they are not liable to tax

How to calculate Rs.7,500 limit?

Rs.7,500 limit includes service/Maintenance charge, Electricity charges, and Insurance contribution, Sinking Fund, Repair Fund, Non-Occupancy Charges, Late fee etc. Following contribution are excluded in calculation of Rs.7,500 limit –

Deposits Donations

Contribution collected as pure agent

In every billing cycle raised, society should check whether to levy GST or not. Let take few example –

PARTICULARS	CASE 1	CASE 2	CASE 3	CASE 4	CASE 5	CASE 6
Service charge	4,000	6,000	4,000	4,000	6,000	6,000
Sinking fund	1,000	2,000	1,000	1,000	2,000	2,000
Late fee	200	200	200	200	200	200



PARTICULARS	CASE 1	CASE 2	CASE 3	CASE 4	CASE 5	CASE 6
Non occupancy charges	400	600	400	400	600	600
Transfer fee	0	0	25,000	0	25,000	0
Water Charges	0	0	0	10,000	0	15,000
Deposits	0	0	0	0	50,000	50,000
TOTAL	5,600	8,800	30,600	15,600	83,800	73,800
Exempt	0	0	0	10,000	50,000	65,000
Liable	5,600	8,800	30,600	5,600	33,800	8,800

If society turnover exceeds 20 lakhs but it does not collect contribution from member above Rs.7,500 then whether society is liable to comply with GST?

No. Society is not liable to comply with GST as there is specific exemption of Rs.7,500 applicable to them explained above and if society is not collecting taxable rental income. There are no such provision in GST act which says tax payer should comply with act for exempted services. Voluntary registration or compliance can be opted.

If society turnover does not exceeds 20 lakhs but it collect contribution from member above Rs.7,500 then whether society is liable to comply with GST?

No. Society is not liable to comply with GST as there is common exemption of Rs.20 lakhs applicable to them explained above. Voluntary registration or compliance can be opted. Restructuring of contribution amount to be collected from member is always preferable.

If society turnover exceeds 20 lakhs but it collect contribution from member above Rs.7,500 then whether society is liable to comply with GST?

Yes. Society should register himself under GST act and comply with payment, return filing.

Visit this URL- <https://gst.gov.in/> to know more about registration. Restructuring of contribution amount to be collected from



member is to be made by society to get out of purview of this compliance.

If society turnover exceeds 20 lakhs but it does not collect contribution from member above Rs.7,500 but collecting rental income from non-member then whether society is liable to comply with GST?

If society is collecting rental income, advertisement from non-member then society should charge GST on such income and Pay GST to govt.

If monthly contribution is Rs.8,500 then whether GST is to be charged on Rs.8,500 or Rs.1,000?

GST is charged on Rs.8,500 and not Rs.1,000. There is no slab for levy of GST.

What is GST rate applicable here?

18% GST rate is applicable to housing society and SAC code is 00440245 (Maintenance and Repair Services).

Society should revise its bill format if liable for GST?

Yes. As per GST act there certain items to be included in Invoice format under which society should raise invoice. GST tax is payable on billing basis, i.e. even if a member does not pay the bill amount, Tax will have to be paid by the society. GST tax liability will be reduced from GST tax paid to service provider like security vendor, Housing keeping vendor etc. Net GST tax liability is to be paid.

Society is providing exempt services and taxable services then are we allowed to get entire credit of GST paid to our vendor?

No. You can refer <http://www.cbec.gov.in/resources//htdocs-cbec/gst/draft-model-gst-law-25-11-2016.pdf>. Page no 34, point 17(2) which clarify our query that society can get credit only of taxable services. Input credit for exempted services are not allowed to utilize. If part of the Service/goods is used for exemption goods/services and part for taxable, in that case, the credit will be given proportionately.

Eligible input credit = (total input credit / total turnover)* value of taxable services



Whether Reverse charge mechanism is applicable to housing society or not?

Yes. It is applicable in case of advocate's payments. Then society need to pay GST on such services to govt. and claim input credit. If services is received from unregistered person then also it is responsibility of registered person to pay GST to govt. Invoice of such services should contain GST applicable under reverse charge mechanism.



CHAPTER 5

Case Laws

Society imparting Training to Students to get Placements eligible for Income Tax Exemption

Process cum product development center vs. CIT, DELHI CASE NO. – 3403./DEL/2017

DATE -4.02.2019

Fact of the Case

In the present case the society engaged for skill training to the students in manufacturing of sports goods.

Assessee society is engaged in conducting various short duration training programs of computer training, Web Designing, audit CAD, training in Computer Accounting System (TCAS), Tally 9, Leg guards & Gloves (STST) Hand Gloves Manufacturing, cricket bat manufacturing, batting gloves manufacturing, football manufacturing, Cricket ball manufacturing & leather workshop, training in R/P workshop, wood workshop etc.

The Assessing Officer denied the exemption under section 10(23C)(iii b) of the Income-tax Act, 1961 to the assessee on the ground that the assessee society is not running an institution to provide systematic education.

Being aggrieved with the decision of the assessing officer the assessee appealed to the Tribunal.

Decision of the Case

The Tribunal noted that the assessee society, substantially financed by the Government of India, is engaged only in imparting research based education/ skill training to the students in manufacturing of sports goods and leisure equipments without any profit motive.

The Delhi bench of the Income Tax Appellate Tribunal (ITAT)



has held that a society engaged in providing education/ skill development training to the students to enable them to get placement is eligible for deduction under section 10(23C)(iiiab) of the Income Tax Act.

Club liable to pay GST on Subscriptions, Sponsorship Fees and Sale of Souvenirs: West Bengal AAR

The Association of Inner Wheel Clubs in India vs. West Bengal AAR

Case No. – 23/WBAAR/2018-19 Date – 26.11.2018

Fact of the Case

The Association of Inner Wheel Clubs in India is the applicant here.

It is affiliated to international inner wheel which is one of the largest women's service voluntarily organizations in the world activity in more than 103 countries.

The organization is involved in social welfare work for the financially backward class people. It also provides support to the people suffering from natural disaster or in war-torn regions from the accumulates funds through subscriptions, sponsorship fees, the sale of souvenirs etc.

Under such situation the applicant approached to AAR seeking clarification on their liability to pay tax under the new GST regime.

Decision of the Case

The AAR explained that the activity undertaken by the Applicant do not conform entirely to the definition of the Charitable Activity under GST Act clause 2(r) of **Notification No 12/2017**.

Secondly, the applicant has also activities which involve providing space for advertisement, raising sponsorship etc. and such activities are to be treated as business transactions.

Such service may be classified as advertising services & sale of souvenirs is to be treated as supply of goods.

So, despite of involvement of some social welfare activities of the applicant, he is liable to pay GST due to the aforesaid reasons.



Society not liable to pay GST on Maintenance of Parks provided to Govt. and Local Authorities:

M/s The Nursery Men Co-operative vs. AAR Karnataka Case No. - Advance Ruling No. KAR ADRG 18 / 2018 Date – 06.08.2018

Fact of the Case

In the present case the applicant society is a wing of Horticulture Department of Government of Karnataka.

The applicant executes the works of de-weeding of the land, leveling of land, landscaping & formation of parks in the lands belonging to government and government undertaking.

The applicant wants clarification regarding their tax liability

in connection with the performance of above mentioned activities in point (2) for government departments like BBMP, KSRTC etc through work contracts.

Decision of the Case

The authorities are silent on the activities which are in the nature of works contract and composite supplies since they are not covered under Entry No3 of the Notification No 12/2017. It is only the pure services in relation to urban amenities and facilities which are exempt from the levy of tax.

Moreover KSRTC and BBMP are also not covered under Entry No3 of the Notification No 12/2017

The authority also noted that provision of urban amenities and facilities such as parks, gardens, playgrounds are the activities covered under article 243W of the constitution and hence exempt.

Miscellaneous Receipts by Co-operative Societies from its Members

INCOME TAX OFFICER, MUMBAI vs. VENKATESH PREMISES COOPERATIVE SOCIETY LTD.

Civil Appeal No.2706 OF 2018 Date of pronouncement – 12.03.2018

Fact of the Case:

A common question of law arises for consideration in this batch



of appeals, whether certain receipts by cooperative societies, from its members i.e. non-occupancy charges, transfer charges, common amenity fund charges and certain other charges, are exempt from income tax based on the doctrine of mutuality.

The assessing officer held that receipt of non-occupancy charges by the society from its members, to the extent that it was beyond 10% of the service charges/ maintenance charges permissible under the notification dated 09.08.2001, stands excluded from the principle of mutuality and was taxable.

The Income Tax Appellate Tribunal held that the notification dated 09.08.2001 was applicable to cooperative housing societies only and did not apply to a premises society.

Learned senior counsel appearing on behalf of the Revenue in all the appeals, submitted that the receipts were exigible to tax no sooner that mutuality came to an end and the receipts had an element of profit, also generating a surplus, rendering commerciality to the nature of the activity.

The receipt of transfer fee before induction to membership under some of the byelaws shall not be liable to tax as the money was returned in the event that the person was not admitted to membership. The appropriation by the society took place only after admission to membership.

Non-occupancy charges were levied for the purpose of general maintenance of the premises of the Society and provision of other facilities and general amenities to the members.

Even if any amount was left over as surplus at the end of the financial year after meeting maintenance and other common charges, that would constitute surplus fund of the society to be used for the common benefit of members and to meet heavy repairs and other contingencies and will not partake the character of profit or commerciality so as to be exigible to tax.

Decision of the Case:

Transfer charges are payable by the outgoing member. If for convenience, part of it is paid by the transferee, it would not partake the nature of profit or commerciality as the amount is appropriated only after the transferee is inducted as a member. In the event of non admission, the amount is returned.



Non-occupancy charges are levied by the society and is payable by a member who does not himself occupy the premises but lets it out to a third person. The charges are again utilised only for the common benefit of facilities and amenities to the members.

These charges are levied on the basis of resolutions passed by the society and in consonance with its byelaws. The receipts in the present cases have indisputably been used for mutual benefit towards maintenance of the premises, repairs, infrastructure and provision of common amenities.

In the result, all appeals preferred by the Revenue are dismissed.

**No TDS liability on Co-operative Society under GST from payment made to it by Vendors for Providing Taxable Goods:
AAR**

Applicant Name - M/S Karnataka co-operative milk producers federation ltd.

Advance Ruling No. KAR/ADRG 27/2019

Date 12.09.2019

Fact of the Case

Karnataka co-operative milk producers federation ltd is the applicant in the present case

The applicant is registered under the co-operative Society Act 1959

District Co-operative milk unions are shareholders of the applicant's organisation.

Further applicant is a taxable person under the GST Acts and the entire shareholding is with the district milk unions and not with the State Government of any State or the Central Government or any local authority.

Hence it is not a department or an establishment of Central Government/ State Government/ local authority. Therefore applicant is not covered under clauses (a) & (b) of Section 51(1) of the CGST Act, 2017.

Decision of the Case

The AAR observed that, "In the instant case the applicant has



not been established by national, regional or local governments but is registered under Co-operative Society Act 1959

The applicant has not been tasked with any responsibilities by the Government of Karnataka.

The Directors have been nominated only to safeguard the funds of the said society. Therefore the applicant is not covered under clause (c) of Section 51(1.) of the COST Act 2017.

The Authority for Advance Ruling, Karnataka has ruled that, TDS provision are not applicable to a cooperative society registered under the Karnataka State Co-operative Society Act, 2001 under GST from the payment made to it by vendors for providing/procuring taxable goods and services for making its supplies.

GST Case Law:

Case Name : In re Gnanaganga Gruha Nirmana (GST AAR Karnataka)



Circular No.109/28/2019- GST

F. No. 332/04/2017-TRU
Government of India
Ministry of Finance
Department of Revenue
(Tax Research Unit)

New Delhi, the 22nd July, 2019

To,

The Principal Chief Commissioner/ Chief Commissioners/ Principal Commissioner/
Commissioner of Central Tax (All)/ The Principal Director Generals/ Director
Generals (All)

Madam/ Sir,

**Subject: Issues related to GST on monthly subscription/contribution charged by
a Residential Welfare Association from its members- reg.**

A number of issues have been raised regarding the GST payable on the amount charged by a Residential Welfare Association for providing services and goods for the common use of its members in a housing society or a residential complex. The same have been examined and are being clarified below.

Sl. No.	Issue	Clarification
1.	Are the maintenance charges paid by residents to the Resident Welfare Association (RWA) in a housing society exempt from GST and if yes, is there an upper limit on the amount of such charges for the exemption to be available?	Supply of service by RWA (unincorporated body or a non-profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of Rs. 7500 per month per member for providing services and goods for the common use of its members in a housing society or a residential complex are exempt from GST. Prior to 25 th January 2018, the exemption was available if the charges or share of contribution did not exceed Rs 5000/- per month per member. The limit was increased to Rs. 7500/- per month per member with effect from 25 th January 2018. [Refer clause (c) of Sl.No. 77 to the notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 as amended vide notification No. 2/2018- Central Tax (Rate), dated 25.01.2018]

22-07-2019

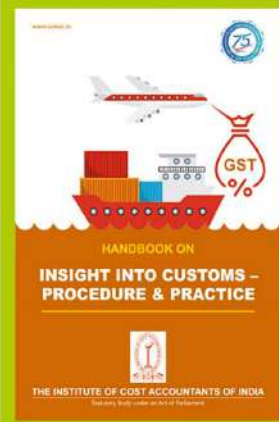
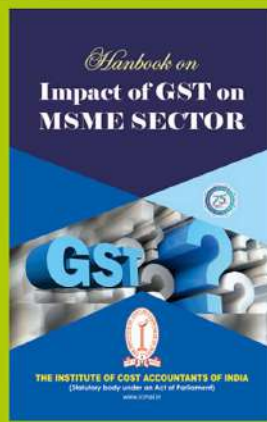
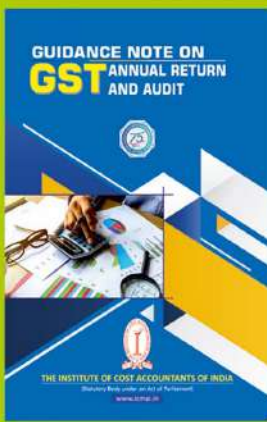
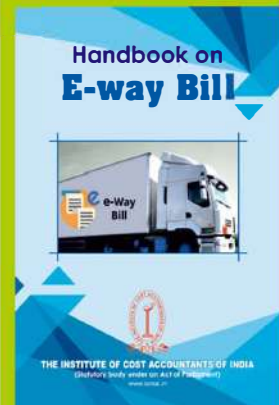
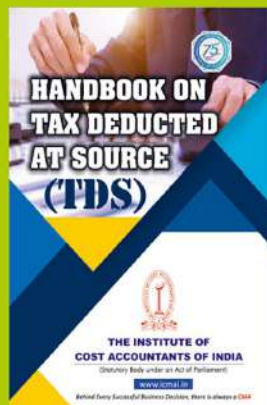
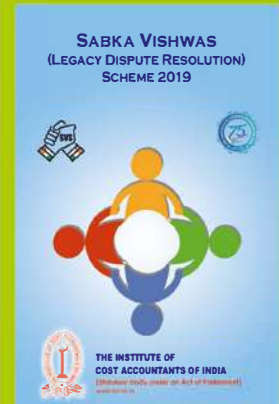
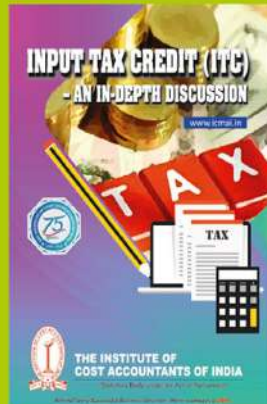
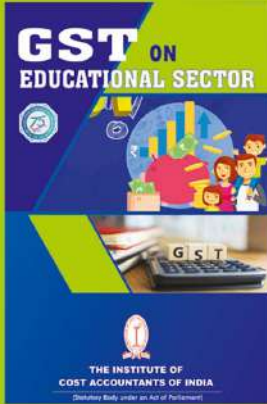


<p>2.</p>	<p>A RWA has aggregate turnover of Rs.20 lakh or less in a financial year. Is it required to take registration and pay GST on maintenance charges if the amount of such charges is more than Rs. 7500/- per month per member?</p>	<p>No. If aggregate turnover of an RWA does not exceed Rs.20 Lakh in a financial year, it shall not be required to take registration and pay GST even if the amount of maintenance charges exceeds Rs. 7500/- per month per member.</p> <p>RWA shall be required to pay GST on monthly subscription/ contribution charged from its members, only if such subscription is more than Rs. 7500/- per month per member and the annual aggregate turnover of RWA by way of supplying of services and goods is also Rs. 20 lakhs or more.</p>															
		<table border="1"> <thead> <tr> <th data-bbox="487 574 642 659">Annual turnover of RWA</th> <th data-bbox="642 574 820 659">Monthly maintenance charge</th> <th data-bbox="820 574 949 659">Whether exempt?</th> </tr> </thead> <tbody> <tr> <td data-bbox="487 659 642 768">More than Rs. 20 lakhs</td> <td data-bbox="642 659 820 768">More than Rs. 7500/-</td> <td data-bbox="820 659 949 711">No</td> </tr> <tr> <td data-bbox="487 768 642 878">Rs. 20 lakhs or less</td> <td data-bbox="642 768 820 878">Rs. 7500/- or less</td> <td data-bbox="820 768 949 820">Yes</td> </tr> <tr> <td data-bbox="487 820 642 878">Rs. 20 lakhs or less</td> <td data-bbox="642 820 820 878">More than Rs. 7500/-</td> <td data-bbox="820 820 949 872">Yes</td> </tr> <tr> <td data-bbox="487 872 642 878">Rs. 20 lakhs or less</td> <td data-bbox="642 872 820 878">Rs. 7500/- or less</td> <td data-bbox="820 872 949 878">Yes</td> </tr> </tbody> </table>	Annual turnover of RWA	Monthly maintenance charge	Whether exempt?	More than Rs. 20 lakhs	More than Rs. 7500/-	No	Rs. 20 lakhs or less	Rs. 7500/- or less	Yes	Rs. 20 lakhs or less	More than Rs. 7500/-	Yes	Rs. 20 lakhs or less	Rs. 7500/- or less	Yes
Annual turnover of RWA	Monthly maintenance charge	Whether exempt?															
More than Rs. 20 lakhs	More than Rs. 7500/-	No															
Rs. 20 lakhs or less	Rs. 7500/- or less	Yes															
Rs. 20 lakhs or less	More than Rs. 7500/-	Yes															
Rs. 20 lakhs or less	Rs. 7500/- or less	Yes															
<p>3.</p>	<p>Is the RWA entitled to take input tax credit of GST paid on input and services used by it for making supplies to its members and use such ITC for discharge of GST liability on such supplies where the amount charged for such supplies is more than Rs. 7,500/- per month per member?</p>	<p>RWAs are entitled to take ITC of GST paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services.</p>															
<p>4.</p>	<p>Where a person owns two or more flats in the housing society or residential complex, whether the ceiling of Rs. 7500/- per month per member on the maintenance for the exemption to be available shall be applied per residential apartment or per</p>	<p>As per general business sense, a person who owns two or more residential apartments in a housing society or a residential complex shall normally be a member of the RWA for each residential apartment owned by him separately. The ceiling of Rs. 7500/- per month per member shall be applied separately for each residential apartment owned by him.</p>															



	person?	For example, if a person owns two residential apartments in a residential complex and pays Rs. 15000/- per month as maintenance charges towards maintenance of each apartment to the RWA (Rs. 7500/- per month in respect of each residential apartment), the exemption from GST shall be available to each apartment.
5.	How should the RWA calculate GST payable where the maintenance charges exceed Rs. 7500/- per month per member? Is the GST payable only on the amount exceeding Rs. 7500/- or on the entire amount of maintenance charges?	The exemption from GST on maintenance charges charged by a RWA from residents is available only if such charges do not exceed Rs. 7500/- per month per member. In case the charges exceed Rs. 7500/- per month per member, the entire amount is taxable. For example, if the maintenance charges are Rs. 9000/- per month per member, GST @18% shall be payable on the entire amount of Rs. 9000/- and not on [Rs. 9000 - Rs. 7500] = Rs. 1500/- .

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