



TELANGANA STATE AUTHORITY FOR ADVANCE RULING
CT Complex, M.J Road, Nampally, Hyderabad-500001.
(Constituted under Section 96(1) of TGST Act, 2017)

Present:

Sri B. Raghu Kiran, IRS, Additional Commissioner (Central Tax)
Sri S.V. Kasi Visweswara Rao, Additional Commissioner (State Tax)

A.R.Com/44/2018

Date: 03.06.2022

TSAAR Order No.29/2022

[ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE TEALANGANA GOODS AND SERVICES TAX ACT, 2017.]

1. M/s. Jayabheri orange county owners association Sy No 117,119,128/A,128/AA And 129, Nanakramguda, Serilingampally, Rangareddy, Telangana_ 500032 (36AABAJ1713B1ZD) has filed an application in FORM GST ARA-01 under Section 97(1) of TGST Act, 2017 read with Rule 104 of CGST/TGST Rules.
2. At the outset, it is made clear that the provisions of both the CGST Act and the TGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the TGST Act. Further, for the purposes of this Advance Ruling, the expression 'GST Act' would be a common reference to both CGST Act and TGST Act.
3. It is observed that the queries raised by the applicant fall within the ambit of Section 97 of the GST ACT. The Applicant enclosed copies of challans as proof of payment of Rs. 5,000/- for SGST and Rs. 5,000/- for CGST towards the fee for Advance Ruling The concerned jurisdictional officer also raised no objection to the admission of the application. The application is therefore, admitted
4. **Brief facts of the case:**
M/s. Jayabheri Orange County Owners Association is a Resident Welfare Association (RWA) collecting monthly maintenance charges, certain annual fee by name sinking fund and charges for electricity used in common area. They are desirous of clarification as to whether these collections are liable to tax under GST. Hence this application.
5. **Questions raised:**
 1. Is GST is applicable on monthly collection not exceeding Rs.7500 per member as total collection of the society is more than Rs.20 lakhs a year?
 2. Is GST is applicable on total monthly maintenance of Rs.7500 per member plus annual sinking fund collected in July or august month in which annual sinking fund will be collected due to monthly collection including annual sinking fund exceeding Rs.7500 per member for that month or only on sinking fund which is over and above Rs.7500 per member?
 3. Is GST is applicable on monthly collection of common area electricity charge paid by the members in addition to the Rs.7500 monthly maintenance charged on the basis of actual bill divided by carpet area of 9,01,913 sq. ft pro rata charged to respective member's flat carpet area?
6. **Personal Hearing:**
The Authorized representatives of the unit namely Ayyappa Kandula, CA attended the personal hearing held on 16-02-2022. The authorized representatives reiterated their averments in the application submitted and requested to dispose their application on merits at the earliest.

7. Discussion & Findings:

The Serial No. 77 of Notification No. 12/2017 as amended vide Notification No. 02/2018 dt: 25.01.2018 states that service by an unincorporated body or a non-profit entity to its own members is exempt upto an amount of Rs. 7500 per member for sourcing goods or services from a 3rd person for the common use of its members in a housing society or a residential complex. Therefore where the aggregate turnover of a Residents Welfare Association (RWA) exceeds Rs.20 lakhs in a financial year and the amount collected for maintenance per member exceeds Rs.7500/- then the entire amount is chargeable to GST at the rate of 18%. For example: if the maintenance charges are Rs.9000 per month per member, GST @18% shall be payable on the entire amount and not on the difference amount.

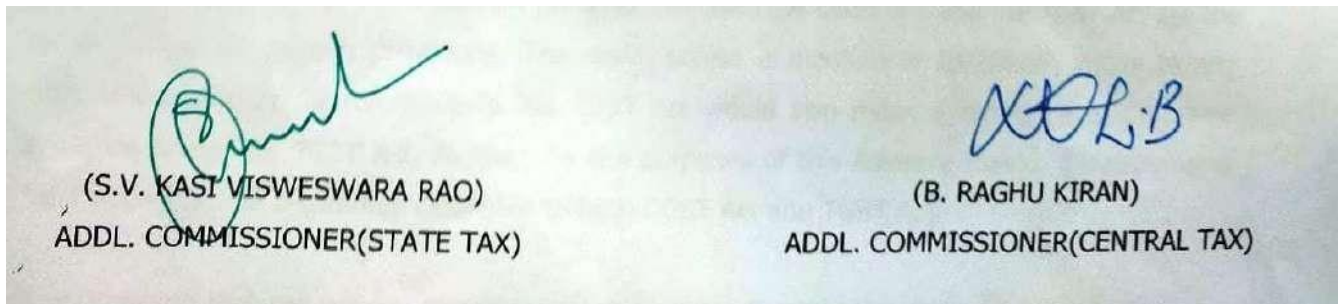
Further even if the annual turnover of the RWA is greater than Rs.20 lakhs but the monthly maintenance charged per person is Rs. 7500/- or less, then such RWA need not pay tax on the amounts so collected.

Any amounts collected periodically along with the monthly maintenance charges are covered under Entry 77 of Notification No. 12/2017. Therefore they are taxable if the total amount collected by the RWA, by whatever name i.e., monthly maintenance or sinking fund etc., exceeds Rs.7500/-. Therefore the total amount collected in July or august month by RWA from the members i.e., the monthly maintenance charge plus sinking fund amount is liable to tax if it exceeds Rs.7500/-. Nevertheless, GST is not leviable on electricity and water charges collected from residents.

8. The ruling is given as below:

In view of the above discussion, the questions raised by the applicant are clarified as below:

Questions	Ruling
1. Is GST is applicable on monthly collection not exceeding Rs.7500 per member as total collection of the society is more than Rs.20 lakhs a year?	No.
2. Is GST is applicable on total monthly maintenance of Rs.7500 per member plus annual sinking fund collected in July or august month in which annual sinking fund will be collected due to monthly collection including annual sinking fund exceeding Rs.7500 per member for that month or only on sinking fund which is over and above Rs.7500 per member?	Yes.
3. Is GST is applicable on monthly collection of common area electricity charge paid by the members in addition to the Rs.7500 monthly maintenance charged on the basis of actual bill divided by carpet area of 9,01,913 sq. ft pro rata charged to respective member's flat carpet area?	No.



(S.V. KASTI VISWESWARA RAO)
ADDL. COMMISSIONER (STATE TAX)

(B. RAGHU KIRAN)
ADDL. COMMISSIONER (CENTRAL TAX)

[Under Section 100(1) of the CGST/TGST Act, 2017, any person aggrieved by this order can prefer an appeal before the Telangana State Appellate Authority for Advance Ruling, Hyderabad, within 30 days from the date of receipt of this Order]

To

M/s Jayabheri Orange Country Owners Association,
Sy.No. 117,119, 128/AA and 129, Nanakramguda,
Revenue Mandal, Rangareddy, Hyderabad – 500 032.

Copy submitted to :

1. The Commissioner (State Tax) for information.
2. The Commissioner (Central Tax), Rangareddy Commissionerate, 1st Floor, Posnett Bhavan, Tilak Road, Abids, Hyderabad- 500 001

Copy to:

3. The Superintendent (Central Tax) Gachibowli Range. 4th Floor, H.No.10-3-301 to 303, Serene Heights, above Ratnadeep Super Market, Humayan Nagar, Masab Tank, Hyderabad- 500 028.