

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. 12/2018- Central Tax (Rate) dated 28.06.2019]
2.	A RWA has aggregate turnover of Rs.20 lakh or less	No. If aggregate turnover of an RWA does not exceed Rs.20 Lakh in a financial year, it shall

	<p>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>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" data-bbox="808 625 1373 1010"> <thead> <tr> <th>Annual turnover of RWA</th> <th>Monthly maintenance charge</th> <th>Whether exempt?</th> </tr> </thead> <tbody> <tr> <td rowspan="2">More than Rs. 20 lakhs</td> <td>More than Rs. 7500/-</td> <td>No</td> </tr> <tr> <td>Rs. 7500/- or less</td> <td>Yes</td> </tr> <tr> <td rowspan="2">Rs. 20 lakhs or less</td> <td>More than Rs. 7500/-</td> <td>Yes</td> </tr> <tr> <td>Rs. 7500/- or less</td> <td>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. 7500/- or less	Yes	Rs. 20 lakhs or less	More than Rs. 7500/-	Yes	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. 7500/- or less	Yes													
Rs. 20 lakhs or less	More than Rs. 7500/-	Yes													
	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 person?</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> <p>For example, if a person owns two residential apartments in a residential complex and pays</p>													

Circular No.109/28/2019- GST

		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/- .

2. Difficulty, if any, in implementation of the Circular may be brought to the notice of the Board.



22-07-2019

Susanta Kumar Mishra
Technical Officer (TRU-II)
Contact No: 011-23095558
e-mail: susanta.mishra87@gov.in

