

IMPORTANT GST UPDATES



Issued in case of Nandini Ashram Trust by Ahmedabad Authority for Advance Ruling (AAR)
Advance Ruling No: GUJ GAAR/R/2023/18 | Date: 26-04-2023

Ruling

The Ahmedabad Bench of the Authority of Advance Ruling (AAR) has ruled that GST is payable on accommodation buildings outside religious places' boundaries.

Observations & Findings

The Nandini Ashram Trust, a registered trust under the Bombay Charitable Trust Act, provides a range of professional consulting services in architecture, engineering, planning, urban design, landscape, sustainability, research and art, building design, interior design, surveying, environmental sciences, project management, and project economics. In addition, they offer accommodation to pilgrims visiting the Ambaji Temple at a rate of Rs. 1000/- per day. Recently, the Trust sought an advance ruling to clarify whether they were liable for GST registration and payment.

During the hearing, the applicant cited Notification No. 9/2017 - Integrated Tax (Rate) and Notification No. 12/2017 - Central Tax (Rate) to support their case for exemption from GST. However, the AAR found the submission inadequate and cryptic and, thus, could not consider it.

The AAR ruling emphasizes that the exemption for renting premises within the precincts of a religious place, such as marriage halls, convention halls, rest houses, and shops, only applies to immovable properties owned by charitable trusts. Moreover, the exemption does not apply if the room charges exceed Rs. 1000 per day or if the rental charges for premises for business purposes exceed Rs. 10,000 per month. The exemption is also not applicable if the properties are not situated within the precincts of a religious place, which means within the walls or boundaries of the religious place.

Therefore, to claim exemption, it is essential to determine whether the accommodation provided by the Nandini Ashram Trust is within the precincts of the Ambaji Temple and whether the charges are within the specified limits. Since the Trust is not owned by the trust managing the Ambaji Temple and is not located within the temple's boundary, the AAR has ruled that they are not eligible for the exemption under Sr. No. 13 of Notification No. 12/2017-CT(R), dated 28.06.2017, as amended.

The AAR has held that the Nandini Ashram Trust is liable to pay GST at the rate of 12% (CGST @ 6% and SGST @ 6%) as per Notification No. 3/2022-CT(R), dated 13.07.2022, as the declared tariff of their accommodation is above one thousand rupees per day or equivalent.

The AAR has also held that the Trust must register for GST as their aggregate turnover in a financial year exceeds twenty lakh rupees, per Section 22 of the CGST Act, 2017.