



## JUDGEMENT

# Residential Welfare Association are Not Liable for Paying GST on Member Contributions Below INR 7500

<b>Issued By:</b>	West Bengal AAR
<b>In Case Of:</b>	Fortune Estates Association of Apartment Owners
<b>Order No:</b>	WBAAR 04 of 2024
<b>Order Date:</b>	29 <sup>th</sup> July 2024

## FACTS & OBSERVATIONS

- The Fortune Estates Association of Apartment Owners (applicant) sought an Advance Ruling regarding GST implications for monthly membership fees collected from its members.
- The Applicant operates as a Residential Welfare Association (RWA) providing various services to its residents. The association incurs costs for these services through third-party vendors and seeks to recover these costs via member contributions.
- Fortune Estates aimed to ascertain whether the monthly contributions, being below the ₹7,500 threshold, would exempt the RWA from GST liabilities under the existing regulatory framework especially the applicability of Notification No. 12/2017-CT(R).

## JUDGEMENT

- The AAR referred to Circular No. 109/28/2019-GST, which clarifies that the GST exemption applies specifically to individual contributions. This means that if a member pays less than ₹7,500, that amount is exempt from GST.
- In instances where a member's contribution exceeds the ₹7,500 limit, the RWA must remit GST on the excess amount. This delineation ensures compliance with GST regulations while safeguarding lower contributions from tax burdens.
- The AAR ruled that for contributions under ₹7,500 per member per month, the RWA is exempt from GST obligations.

N J JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

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