



# GST in Co-operative Housing Societies

Webinar, The Institute of Cost  
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# GST in Co-operative Housing Societies

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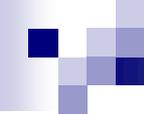
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# Welcome !

Agenda for the Session:

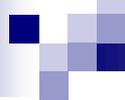
1. GST Chargeability
2. Provisions- Now and Before
3. Co-Op Housing Societies and Taxability
4. Heads of Expenses Covered- Not Covered
5. Illustrations on Taxability
6. Questions and Answers

# What is Housing Society and Its Functions?

- Co-Operative Societies Act and Bye Laws for Housing Societies :- Most of the states similar Structure
- Contribution of Members towards Up-keeping and Maintenance
- What is status of GST on such maintenance paid ?

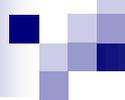
# Provision in GST

- Entry No. 77 of Notification No. 12/2017 – Central Rate
- 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 -



# Provision in GST

- a. As a trade Union
- b. For the provisions of carrying out any activity which is exempt from 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 for its members in a housing society or a residential complex



# Reference from Service Tax

Exemption at Sl No 28 (C) in Notification No. 25 / 2012- ST was provided specifically with reference to by unincorporated body or a Non Profit Entity registered under any law for the time being in force such a Residential Welfare Association (RWA), to its own members

# Reference from Service Tax

- Monetary Ceiling was prescribed as Rupees Five Thousand
- If member contributes more than Rupees Five Thousand (5,000) Per Month then entire contribution would be chargeable to Tax

# In Other Words

- ✓ Up-to Five Thousand: Exemption is available only up-to Rs. 5,000 and any amount charged more than this is fully chargeable. If contribution increases beyond Rs. 5,000 means complete amount is chargeable to tax.
- ✓ The overall limit of Rs. 20,00,000 still continues (though not given in this notification) but additional exemption of Rs. 5,000 is also added here as special concession.

# In Other Words

- ✓ Tax is payable for sourcing of goods or services from third person is also important criteria given in notification.
- ✓ Most importantly this exemption is available for goods and services for common use (and not for private/personal/individual use) of its members.
- ✓ This entry is similar to Service Tax Notification No 25/2102- ST entry No. 28(c).

# Taxability

Scenario	Contribution (Per Member Per Month)	Total Contribution by Members	Receipts other than Contribution Receipts (Exempted) Like Interest Income	Receipts (Taxable) Like Rental for Advt Hoarding	Total Receipts (Total Aggregate Turnover Per Year)	Registration Needed (Yes/No)	Taxable Income
A	4000	18,00,000	0	0	18,00,000	No	0
B	5001	18,00,000	0	0	18,00,000	No	0
C	4000	24,00,000	0		24,00,000	No	0
D	4000	18,00,000	9,00,000	0	27,00,000	No	0
E	5001	18,00,000	9,00,000	0	27,00,000	Yes	18,00,000
F	5001	18,00,000	0	9,00,000	27,00,000	Yes	27,00,000
G	4000	18,00,000		9,00,000	27,00,000	Yes	9,00,000
H	0	0	27,00,000	0	27,00,000	No	0
I	0	0	0	27,00,000	27,00,000	Yes	27,00,000
J	5001	24,00,000	0	0	24,00,000	Yes	24,00,000
K	4000 5001	18,00,000 1,00,000	0	0	19,00,000	No	0
L	4000 5001	18,00,000 9,00,000	0	0	27,00,000	Yes	9,00,000
M	4000 5001	18,00,000 1,00,000	50,000	2,00,000	21,50,000	Yes	3,00,000

# Expense Heads not Covered

- ✓ Property Tax- Society is merely an agent to collect it and deposit the same to Govt. Authorities
- ✓ Property Tax on Private Space/Parking Area Etc- Society is acting as agent and services for the same to be considered accordingly
- ✓ Property Tax on Common Area- The Limit of Rs. Five Thousand to be utilized for this purpose

# Expense Heads not Covered

- ✓ Sinking Fund- Kind of Service Provided to members and hence it is taxable and to be counted for limit of Rs. Five Thousand
- ✓ Maintenance Charges- Society may be paying for some security, admin, accounts audit etc. And hence it is taxable subject to limit of Rs. Five Thousand
- ✓ Non Occupancy Charges- These are typical charges for let out Property. These are not for Common Purposes and to be Taxed to GST

# Expense Heads not Covered

- ✓ Parking Charges- Generally charged to members for using space on Parking. Its purely one to one basis and not for common use, it is chargeable to Tax and not counted in Exemption Fees
- ✓ Share Transfer Fees- It is usually charged for share transfer especially in case of sale of Property. It is taxable and not counted in Rs. Five Thousand Limit as No Third Party is Involved

# Expense Heads not Covered

- ✓ Water Charges Individual- If water charges are collected Society on behalf of Member then it is not counted for Exemption and also not chargeable to tax. Chances that it will be already taxed by Govt. Arms at source.
- ✓ Water Charges Common- If it is for common use then included in Rs. Five Thousand Limit and Taxable too.

# Expense Heads not Covered

- ✓ Common Services like Club House, Swimming Pool- These charges are chargeable to Tax and covered in Limit of Rs. Five Thousand
- ✓ Interest on Default – It is not for any common use but its individual charges and hence taxable and also not covered under limit of Rs. Five Thousand

# Expense Heads not Covered

- ✓ Use of Common Space for Member or Outsider- Since these are charges liable to taxes, Society must collect GST and there is no question of Exemption Limit.
- ✓ Income on Renting Mobile Tower etc.- Since these are not common services and mostly to be given to Business etc then these are chargeable to Tax and in case Society is not under GST then subject to RCM also (after 1<sup>st</sup> April 2018)

# Expense Heads-Illustrations

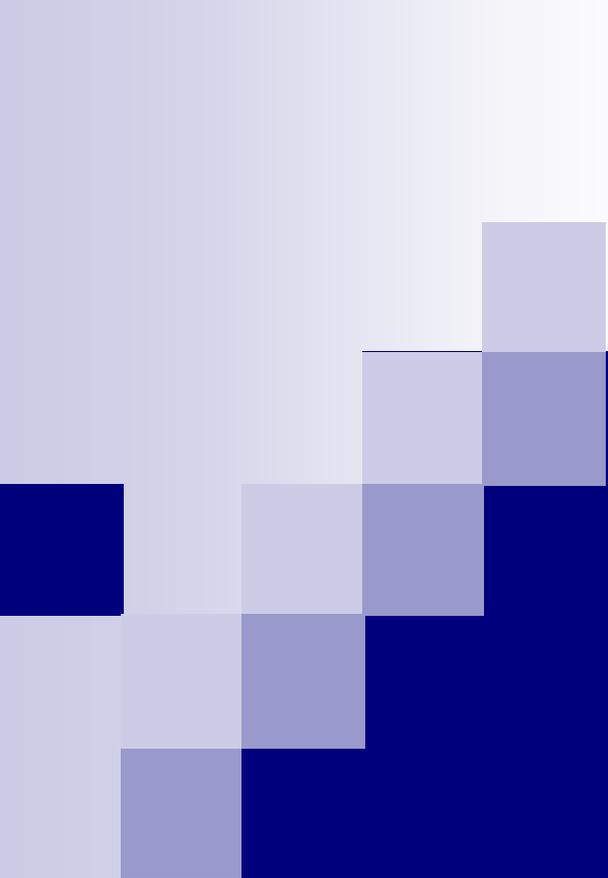
Scenario:-----	I	II	III	IV	V	VI	VII	VIII	IX
Repairs and Maintenance	4700	4700	4700	4700	4700	4700	4700	4700	4700
Water Charges (Agent Services)	0	500	500	500	500	0	0	0	0
Contribution to Fund (Like Sinking Fund)	0	0	500	500	500	500	0	0	0
Parking Charges	0	0	0	500	500	500	500	0	0
Club House Charges	0	0	0	0	500	0	0	500	100
<b>Total Receipts</b>	<b>4700</b>	<b>5200</b>	<b>5700</b>	<b>6200</b>	<b>6700</b>	<b>5700</b>	<b>5200</b>	<b>5200</b>	<b>4800</b>
Exemption Eligible	4700	4700	5200	5200	5700	5200	4700	5200	4800
Exemption Amount	4700	4700	0	0	0	0	4700	0	4800
Non Taxable Amount	0	500	500	500	500	0	0	0	0
Amount Taxable	0	0	5200	5700	6200	5700	500	5200	0

# Some Questions

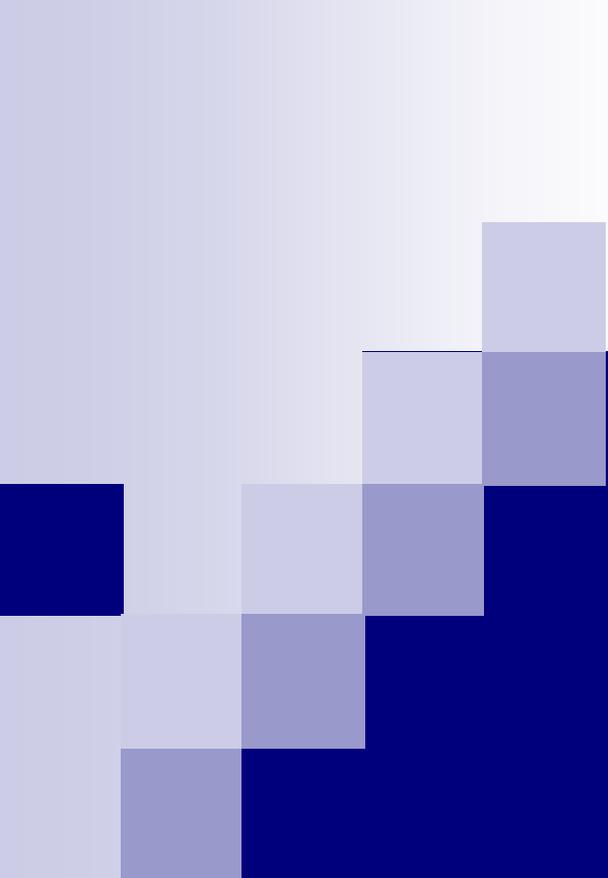
- ✓ Contribution is paid Quarterly then what is the limit ?
- ✓ If few months contribution is above Rs. Five Thousand and after that it reduces to below limit of Rs. Five Thousand or Vice a Versa ?
- ✓ What if Bill Sent for total charges including Specific Charges and Common Usage Charges ?

# Some Questions

- ✓ FAQ on Levy of GST on Supply of Services to Co-operative Society Ref. No. 332/04/2017- TRU of MoF Department of Finance



# Questions?



# Thanks !

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