

18% GST Payable on Amounts Received in form of Donation / Grants from various entities including Central and State Govt.: The AAR, Maharashtra

Fact of the Case

The applicant, Jayshankar Gramin VA Adivasi Vikas Sanstha Sangamner is a Charitable trust registered under Maharashtra Public Charitable Trust Act 1950. The Trust is also registered under Societies Act vide registration number Maha/2041/92 w.e.f. 23/12/1992. The applicant is registered under section 12AA of the Income Tax Act 1961.

The destitute home for children is located at Akole bypass road, Sangamner. The trust undertakes supply of services to 50 orphans and homeless children by way of shelter, education, guidance, clothing, food, and health for the Women and Child welfare. The Govt Maharashtra women and child welfare department pay a sum of Rs. 2,000/ per month per child. Other expenses for children are made from donations.

The trust is also registered under Income Tax Act 1961 as a Charitable trust. The trust is also registered under section 80G (5) of the Income Tax Act. The trust also renders services to destitute women who are litigating divorce or homeless or the victim of domestic violence. The Central Government also gives grants through the Women and Child Welfare Ministry for awarding shelter, food, and medical facilities, clothing etc., to the destitute. women who are victims of domestic violence or are divorcees or are homeless and also to rape victims. The trust represents them before legal forums, including lodging FIR at police stations against the culprits, the trust also arranges for counseling through expert counselors to bring them out of the trauma and help them to lead a normal life. These victim women are sent by police stations or anybody who knows that women are victims of violence.

The applicant has sought the advance ruling on the issue of

- whether the applicant is liable to pay GST on the amounts received in the form of Donations / Grants from various entities including the Central Government and State Government.

Decision of the Case

The Coram ruled that in case of donations, if the gift or donation is made to a charitable organization; the payment has the character of gift or donation and the purpose is philanthropic (i.e. it leads to no commercial gain) and not an advertisement, then GST is not leviable. In all other cases, GST is leviable. Therefore, GST would be charged at the rate of 18%.

The Maharashtra Authority of Advance Ruling (AAR) ruled that 18% GST payable on amounts received in form of Donations or Grants from various entities including Central and State governments.