

Recommendations made by the GST Council in its 25th Meeting held on 18th January, 2018 at Delhi for granting relief from GST on services provided by Resident Welfare Associations to their members

In the meeting held on 18th January, 2018, the GST Council has recommended several measures granting relief from GST on a number of goods and services. One of the important reliefs granted by the Council is to enhance the limit of contribution made by members of a Resident Welfare Association for the purpose of exemption from GST.

Services provided by Resident Welfare Associations (unincorporated body or a registered non-profit entity) to their members were hitherto exempt against contribution of up to an amount of five thousand rupees per month per member. Requests were received from several quarters to enhance the contribution limit of five thousand rupees per month per member for exemption.

The Council has recommended that the limit may be enhanced to Rs 7500/- per month per member. As a result, RWAs shall be required to pay GST on monthly subscription/contribution charged from its members if such subscription is more than Rs. 7500 per member and the annual turnover of RWA by way of supplying of services and goods is also Rs. 20 lakhs or more. Under GST, the tax burden on RWAs will be lower for the reason that they would now be entitled to ITC in respect of taxes 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. ITC of Central Excise and VAT paid on goods and capital goods was not available in the pre-GST period and these were a cost to the RWA.

The notifications giving effect to the above recommendations of the Council will come into force on 25th January, 2018. Accordingly, from 25 January 2018, the services provided by Resident Welfare Association to its members against contribution of up to an amount of Rs 7500/- per month per member shall be exempt.