M/s. Dream Runners Foundation Limited

Authority for Advance Ruling — Tamil Nadu

Order No. 6/AAR/201[final digit not legible], dated 22.01.2019. The listing… Dated **22.01.2019**

Q Questions Before the Authority

- Whether the conduct of marathon events by the Trust, through which donations are raised for charity, is an exempted service under GST?
- When the Trust is approved under Section 12AA of the Income Tax Act, 1961, meaning its service is charitable in nature, does it not automatically become a charitable activity that is exempted under GST?
- As the service rendered by the Trust is a charitable activity within the definition of Clause 2(r) of Notification No. 12/2017-Central Tax (Rate), is registration under GST required?
- Are donations received from participants of the marathon event exempted from GST, as they are money paid for conduct of a marathon event for raising funds for charity?

F Facts

The applicant is a charitable trust registered under Section 12AA of the Income Tax Act, 1961, with objects that include organising marathons, blood, organ and eye donation camps and health awareness camps. Each year it conducts the Dream Runners Half Marathon, collecting registration amounts from runners (about Rs 900 to Rs 1,200 per participant in the years cited) that it treats as donations and for which it issues 80G-referenced receipts. The registration portal and payment gateway are provided by a partner, and event costs such as prize money and event management are met from the collections, with the balance passed on to NGOs supporting prosthetic limb provision.

H Ruling

Q1: Is conducting marathon events through which donations are raised for charity an exempt supply?	****Not an exempt supply** under CGST/TNGST Act.**	Organising the marathon is a separate supply of services to participants, even if the proceeds are later donated.
Q2: Does Section 12AA registration automatically make the Trust's activity exempt?	****No.** Only activities that fall within the Clause 2(r) definition of charitable activities are exempt.**	Exemption is under Sl. No. 1 of Notification 12/2017-CT(Rate) and the corresponding TN notification G.O. (Ms) No. 73 dated 29.06.2017.
Q3: Is GST registration required?	****Yes.** The applicant must register under CGST/TNGST Act.**	Based on taxable supply of organising marathons and aggregate turnover above Rs 20 lakh in a financial year (Section 22).
Q4: Are participant donations exempt from GST as money paid for a marathon held to raise charitable funds?	****Not exempt** from CGST/SGST.**	The money collected is consideration for the marathon supply, used for event expenses such as registration partner fees, event management, prize money and publicity.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

The authority held that organising the marathon is a separate taxable supply of services and that the money collected from participants is consideration for that supply, so it is not exempt. Section 12AA registration does not by itself confer exemption; only activities that fall within the definition of charitable activities in Clause 2(r) of the notification are exempt. The applicant, whose annual turnover exceeds Rs 20 lakh, was held liable to register under the CGST and TNGST Acts.

R Reasoning

The authority treated the marathon as a supply of services to the participants, not as a charitable activity. It applied the definition of consideration in Section 2(31) of the CGST Act, finding that the participant payments were made in response to, and for the inducement of, the marathon supply, since they were used to meet the event's own costs. It then read Sl. No. 1 of Notification 12/2017-CT(Rate) together with its Clause 2(r) definition, holding that the exemption for entities registered under Section 12AA reaches only the listed charitable activities, and marathon organising is not among them. Registration followed under Section 22 because the taxable turnover exceeded Rs 20 lakh.

P Provisions Relied On

- Section 2(31) of the CGST Act (definition of consideration)
- Section 22 of the CGST/TNGST Act (liability to register)
- Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, Sl. No. 1 (Chapter 99, services by entities registered under Se…
- Notification G.O. (Ms) No. 73 dated 29.06.2017 (Tamil Nadu)
- Section 12AA of the Income Tax Act, 1961 (as referred to by the applicant)
- Section 80G of the Income Tax Act, 1961 (as referred to in the facts)

! For the Practitioner

This ruling is useful for charities that raise money through paid participation events, such as runs, and for advisers who assume that 12AA registration alone gives GST exemption. It settles that the exemption turns on whether the specific activity falls within Clause 2(r), and that participant payments for an organised event can be consideration for a taxable supply even if the net proceeds go to charity. It does not decide how donations in other structures should be classified, and it does not address the applicant's service-tax exemption argument in any depth.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> tn-06-aar-2019-dream_runners_foundation.pdf

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