

M/s Apartment Owners Association of Raj Lake View

Authority for Advance Ruling — Karnataka

Order No. KAR.ADRG/11/2026

Dated **11.02.2026**

Q Questions Before the Authority

- Whether the collection of corpus fund from members for the purpose of meeting future capital expenditure amounts to a supply under Section 7 of the CGST Act, 2017.
- If such collection of corpus fund constitutes a supply, what shall be the applicable time of supply for the purpose of payment of GST—whether GST is payable at the time of collection of such corpus amount from members or at the time of its actual utilisation for capital expenditure.
- Whether the applicant is entitled to claim the benefit of the exemption of Rs. 7,500 per member per month provided under Entry No. 77 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 in respect of the corpus fund collected from members, and if so, whether the exemption is to be determined in the month on which corpus collected or pro-rata for the entire 12 months.

F Facts

The applicant is a Resident Welfare Association that collects monthly maintenance charges for day-to-day operations. They also intend to collect a corpus fund from members to build a reserve for future capital expenditures such as major repairs, structural improvements, and replacement of capital assets. The applicant sought a ruling on whether this corpus collection constitutes a taxable supply and if it qualifies for the monthly maintenance exemption.

H Ruling

Whether corpus collection is a supply	Yes	Amounts to a supply under Section 7 of the CGST Act, 2017
Time of supply for corpus fund	At the time of collection/receipt	In terms of Section 13(2)(a) of the CGST Act, 2017
Applicability of Rs. 7,500 exemption	Not available	Corpus fund is distinct from monthly maintenance charges

The Authority ruled that the collection of corpus funds constitutes a taxable supply under Section 7 of the CGST Act. It further held that the time of supply is the date of receipt of the corpus funds. Finally, it determined that the corpus fund is distinct from monthly maintenance charges and therefore does not qualify for the Rs. 7,500 per month exemption.

R Reasoning

The Authority reasoned that the association and its members are distinct persons under the Explanation to Section 7(1) of the CGST Act. It concluded that the corpus fund is in the nature of an advance for future services

rather than a refundable deposit, thus satisfying the definition of supply. Because the corpus fund is earmarked for capital expenditure and is distinct from regular maintenance, it does not fall under the scope of the exemption provided by Entry No. 77 of Notification No. 12/2017-Central Tax (Rate).

P Provisions Relied On

Section 7 of the CGST Act, 2017

Section 13(2)(a) of the CGST Act, 2017

Entry No. 77 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017

Circular No. 109/28/2019-GST

! For the Practitioner

This ruling clarifies that corpus funds collected by RWAs are **taxable supplies** and are not eligible for the monthly maintenance exemption. Practitioners should advise clients that such collections are treated as advances, triggering GST liability at the time of receipt. It settles the distinction between routine maintenance and capital corpus funds for GST purposes.

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 -> 5-aar-apartment owners association.pdf

Prepared 12-10-2026.

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