

M/s Liberty Square Apartment Owners Association

Authority for Advance Ruling — Karnataka

KAR.ADRG/08/2026

Dated **11.02.2026**

Q Questions Before the Authority

- Are corpus funds collected by a residential association for future contingencies treated as "consideration" under the GST Act, and do they attract GST?
- Can corpus funds collected by a residential association be treated as separate and independent from monthly maintenance charges for the purpose of GST applicability?
- Since Corpus funds are collected in advance for future contingencies, is GST payable at the time of collection or at the time of actual utilization of these funds?
- How should a residential association account for corpus funds in its GST filing to avoid potential compliance issues?
- Would the time of supply provisions under GST apply to corpus funds in case they are treated as advances for any potential taxable supply in the future?
- What documentation is required to substantiate that corpus funds collected by a residential association are not "consideration" for a specific supply?
- In case of an audit or GST assessment, how can a residential association demonstrate the non-taxable nature of corpus funds?

F Facts

The applicant is a registered Apartment Owners' Association that collects monthly maintenance charges for day-to-day operations and periodic contributions towards a corpus or sinking fund. These corpus funds are intended for future contingencies, major repairs, or long-term capital improvements. The applicant sought an advance ruling on whether these corpus collections constitute taxable consideration under GST and the timing of such liability.

H Ruling

Taxability of corpus funds	Treated as consideration for future supply of services and attract GST	None
Independence from maintenance charges	Treated as separate and independent from monthly maintenance charges	None

Time of supply

GST is payable at the time of collection/receipt of the funds

Based on Section 13(2)(a) of the CGST Act

The Authority ruled that corpus funds collected for future contingencies constitute consideration for a future supply of services and are subject to GST. It further held that these funds are distinct from monthly maintenance charges but are taxable at the time of collection as an advance. The Authority declined to rule on questions 4, 6, and 7 as they were deemed outside the scope of Section 97(2) of the CGST Act.

R Reasoning

The Authority determined that the applicant and its members are distinct persons under the Explanation to Section 7(1) of the CGST Act, overriding the principle of mutuality. It classified the activities as services provided by membership organizations under SAC 9995. Consequently, corpus funds are viewed as **advances for future supply of services**, triggering GST liability at the time of receipt under Section 13(2)(a). The Authority emphasized that the funds are not deposits but payments for future services.

P Provisions Relied On

Section 7 of the CGST Act, 2017

Section 2(31) of the CGST Act, 2017

Section 2(84) of the CGST Act, 2017

Section 2(52) of the CGST Act, 2017

Section 2(102) of the CGST Act, 2017

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

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017

Schedule II of the CGST Act, 2017

! For the Practitioner

This ruling clarifies that corpus funds collected by residential associations are **taxable as advances** for future services, effectively rejecting the argument that they are non-taxable due to the principle of mutuality. Practitioners should advise clients that such funds must be subjected to GST at the time of collection. The ruling does not provide guidance on accounting or documentation procedures, as the Authority declined to address those specific procedural questions.

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 -> 2-aar-liberty_square_apartment_owners.pdf

Prepared 12-10-2026.

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