

M/s Prestige North West Country Owners Associations

Authority for Advance Ruling — Karnataka

KAR. ADRG 15/2026

Dated 16.03.2026

Q Questions Before the Authority

- Whether the supply of unprocessed, unbottled water by prestige Northwest Country Owners Associations to its members- sourced from its own borewells and supplemented by third- party procurement at INR 0.05 per liter and distributed without any processing - is exempt from GST Under Entry 99 of Notification No.2/2017-Central Tax (Rate), read with Section 11(1) of the CGST Act, 2017?
- Whether the charges collected for the supply of unprocessed water should be included in the aggregate turnover for determining the INR 7500 per month per member threshold for GST applicability on services provided by Resident Welfare Associations (RWAs)?
- If GST is applicable, what would be the applicable rate of GST on the supply of unprocessed water by M/s PNWCOA.

F Facts

The applicant is a Resident Welfare Association that collects maintenance fees from its members. It also supplies water drawn from its own borewells and third-party vendors, billing members separately for this water based on actual consumption. The applicant sought to exclude these water charges from the maintenance threshold calculation, arguing they are pure reimbursements.

H Ruling

Exemption of water supply under Entry 99	Not exempt	Forms part of the services provided by the applicant to its members
Inclusion in aggregate turnover for threshold	Must be aggregated	Included for determining the INR 7,500 per member per month threshold
Applicable rate of GST	18% (9% CGST + 9% SGST)	Classifiable under SAC 999598 as per Sl. No. 33 of Notification No. 11/2017-Central Tax (Rate)

The Authority ruled that the supply of water is not an independent supply but an integral part of the services provided by the Association to its members. Consequently, water charges must be aggregated with maintenance charges to determine if the monthly threshold of INR 7,500 is exceeded. If the total exceeds this limit, the entire service is taxable at 18%.

R Reasoning

The Authority determined that the Association and its members are distinct persons under Section 7 of the CGST Act, and the activities performed constitute a supply of services. It held that the water supply is **intrinsicly**

linked to the maintenance of the residential complex and cannot be treated as an independent supply of goods. Furthermore, the applicant failed to satisfy the conditions of a **pure agent** under Rule 33 of the CGST Rules, 2017, meaning the water charges cannot be excluded from the taxable value. Therefore, the entire consideration is subject to GST if the aggregate monthly contribution exceeds the prescribed threshold.

P Provisions Relied On

Section 7(1) of the CGST Act, 2017	Section 15(3) of the CGST Act, 2017
Rule 33 of the CGST Rules, 2017	Entry 77 of Notification No. 12/2017-Central Tax (Rate)
Entry 99 of Notification No. 2/2017-Central Tax (Rate)	Sl. No. 33 of Notification No. 11/2017-Central Tax (Rate)

! For the Practitioner

This ruling clarifies that RWAs cannot bifurcate water charges to stay below the INR 7,500 exemption threshold. Practitioners should advise clients that such recoveries are treated as part of the **composite supply** of maintenance services. It reinforces the strict interpretation of the pure agent concept in the context of residential society maintenance.

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-prestige_north_west_country_owners.pdf

Prepared 12-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com