Rotary Club of Mumbai Queens Necklace

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-118/2018-19/B-46, Mumbai, dt. 30/04/2019 (the serial '46' is… Dated **30.04.2019**

Q Questions Before the Authority

- Whether the amount collected as membership subscription and admission fees from members is liable to GST as supply of services.
- If the above receipts are liable to GST, whether the Club can claim input tax credit of the tax paid on banquet and catering services for holding members' meetings and various events.

F Facts

Rotary Club of Mumbai Queens Necklace is an unincorporated association of individuals affiliated to Rotary International. It collects periodic membership subscription and a one-time admission fee from members, which it pools to meet meeting, administrative and affiliation expenses, and it says it makes no surplus and provides no commercial service. The Club incurs banquet and catering charges for its weekly or monthly meetings and events, and it sought to take credit of the GST on those services.

H Ruling

Whether membership subscription and admission fees received from members are liable to GST as supply of services	**Yes, liable to GST as supply of services (rate not stated in the order)**	Follows the appellate ruling in the Lions Club of Poona Kothrud matter, which the authority held applied on identical facts. Club and member treated as distinct persons.
Whether the Club can claim input tax credit on tax paid on banquet and catering services for member meetings and events	**No, input tax credit cannot be claimed**	Bar under section 17(5)(b)(i) for food, beverages and outdoor catering. Proviso not satisfied because the applicant gave no evidence of outward taxable supply of the same category or of a composite or mixed supply.

The authority held that membership subscription and admission fees received from members are **liable to GST as supply of services** . It held that the Club cannot claim input tax credit on the tax paid on banquet and catering services, because **section 17(5)(b)(i)** bars that credit and the applicant had not shown the conditions of the proviso were met.

R Reasoning

The authority followed the Appellate Authority's ruling in the Lions Club of Poona Kothrud case, which the department had appealed and which had reversed the earlier advance ruling that the applicant relied on. It treated the club and its members as distinct persons under the definition of 'person' and held that the club's leadership, networking and professional activities amount to facilities or benefits provided in the course of business, so the fees are consideration for a supply. On input tax credit, it applied section 17(5)(b)(i), noting that the applicant had only asserted that the services were used for members and had produced no evidence meeting the proviso. The

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authority also said the intent or objective of a club is immaterial for GST leviability.

P Provisions Relied On

Section 2(84) of the CGST Act, 2017 (definition of person)

Section 2(17)(e) of the CGST Act, 2017 (business, including provision of facilities or benefits by a club to its members)

Section 7(1)(a) and 7(1)(c) of the CGST Act, 2017 (supply)

Section 9 of the CGST Act, 2017 (levy)

Section 17(5)(b)(i) of the CGST Act, 2017 (blocked credit on food, beverages and outdoor catering, with proviso)

Section 17(5)(b)(ii) and (iii) of the CGST Act, 2017 (quoted in the order; membership of a club and travel benefits)

Section 2(93) and 2(105) of the CGST Act, 2017 (recipient and supplier)

Schedule I, entry 2 (related persons), and section 15 explanation on related persons (discussed in the applicant's submissions)

Schedule II, para 7 (supply by unincorporated association to a member) (as quoted in the applicant's submissions)

Article 366(29A)(e) of the Constitution (as quoted in the applicant's submissions)

Appellate Authority for Advance Ruling, Maharashtra, decision in Lions Club of Poona Kothrud (relied on)

! For the Practitioner

This order is useful for a practitioner advising a member-funded club, association or Rotary-type body. It shows that the authority will treat members as distinct persons from the club and will tax subscriptions, and that it will refuse credit on banquet and catering spend unless the proviso is proved with evidence. It does not decide the rate of tax or whether any particular club activity is exempt, and it is an advance ruling binding only on the applicant. The order was also open to appeal, so its reliance on the appellate Lions Club decision should be checked against the current position before it is cited.

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 -> maharashtra_aar_118_2018-19_rcmqn_30.04.19.pdf

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