# The Banking Codes And Standards Board Of India

Authority for Advance Ruling — Maharashtra

**NO.GST-ARA-24/2017-18/B- 82 Mumbai** Dated **01.08.2018**

## Q Questions Before the Authority

- Whether the activity of BCSBI i.e. The Applicant is falling under the definition of "Supply", as per Section 7 of the CGST Act, 2017?
- Whether the contribution made by Member Banks to "Corpus Fund" can be considered as "Consideration", as per Section 2 (31) of the CGST Act, 2017, when the said is not "Income" of the Applicant?
- Supply is meant to be between 2 persons, whether the Applicant Association/Trust and Its Members are legally distinct from each other?
- Whether "Principle of Mutuality" hold good in GST?
- Whether the activity of Applicant is to be termed as "Business" as provided under Section 2 (17) (e) of the CGST Act, 2017?

## F Facts

The Applicant, Banking Codes and Standards Board of India (BCSBI), is an independent autonomous society and public trust established to formulate, monitor, and enforce codes and standards for banking services. It receives annual membership fees and registration fees from its voluntary member banks, which are credited directly to its corpus fund to generate interest income for meeting operational expenses. The Applicant sought an advance ruling on whether these fees constitute consideration for a taxable supply of service to member banks under GST, or if they are non-taxable based on the principle of mutuality.

## H Ruling

| | | |
|---|---|---|
| **Activity as 'Supply' under Section 7** | **Answered in the affirmative** | Services rendered to member banks constitute supply of services |
| **Contribution to 'Corpus Fund' as 'Consideration' under Section 2(31)** | **Answered in the affirmative** | Membership and registration fees collected from banks form consideration |
| **Legal distinction between Applicant and its Members** | **Answered in the affirmative** | The Applicant society/trust and its member banks are distinct legal persons |
| **Applicability of 'Principle of Mutuality' in GST** | **Non-existent in the subject case** | The Applicant was formed via RBI initiative and operates as a separate legal entity |
| **Activity as 'Business' under Section 2(17)(e)** | **Answered in the affirmative** | Covered as provision of facilities or benefits by an association/society to its members |

The Authority for Advance Ruling held that the Applicant's activities constitute a **taxable supply of services** to its member banks. The member banks and the Applicant are separate legal persons, and the fees received constitute valid consideration. Furthermore, the activities fall squarely under the statutory definition of **business**

**under Section 2(17)(e)** of the CGST Act, 2017, making the principle of mutuality inapplicable.

## R Reasoning

The Authority observed that the Applicant drafts banking codes, undertakes research, and publicizes standards that directly promote the credibility and business of member banks. These services are provided in exchange for registration and membership fees, which constitute **consideration under Section 2(31)** of the CGST Act, 2017. Under **Section 2(17)(e)** of the CGST Act, 2017, the definition of business explicitly encompasses the provision of facilities or benefits by a club, association, or society to its members for subscription or consideration. Because the Applicant and member banks are legally distinct entities and membership is voluntary, the general doctrine of mutuality cannot be invoked to avoid GST liability.

## P Provisions Relied On

| | |
|---|---|
| Section 7, CGST Act, 2017 | Section 2(17)(e), CGST Act, 2017 |
| Section 2(31), CGST Act, 2017 | Section 98, CGST Act, 2017 |

## ! For the Practitioner

This ruling establishes that membership contributions, subscriptions, or corpus fees collected by trade bodies, trusts, or professional associations from member institutions are subject to GST. Tax practitioners can rely on this decision to warn clients that labeling collections as **corpus fund contributions** does not exempt them from GST when services or administrative facilities are provided to members. It also confirms that **Section 2(17)(e)** overrides general claims based on the principle of mutuality.

### 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 -> maha-gst-ara-24_dt.01.08.18_bcsbi.pdf

Prepared 21-10-2026.

### 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

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

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

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

**Ahmedabad**
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

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