

GST Council recommends granting relief from GST on services provided by the Resident Welfare Associations (RWAs) to their Members

Threshold Exemption Limit under GST for monthly contributions made by members for services provided by RWAs raised from Rs. 5,000 to Rs. 7,500 per month per person

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In its 25th Meeting held on 18th January, 2018, the GST Council had recommended several measures granting relief from GST on a number of goods and services. One of the important reliefs granted by the Council is to enhance the limit of contribution made by members of a Resident Welfare Association (RWA) for the purpose of exemption from GST.

The Council had recommended that the limit may be enhanced from Rs.5,000 to Rs 7,500 per month per member. Services provided by RWAs(unincorporated body or a registered non-profit entity) to their members were hitherto exempt against contribution of up to an amount of five thousand rupees per month per member. Requests were received from several quarters to enhance the contribution limit of five thousand rupees per month per member for exemption.

As a result, RWAs shall be required to pay GST on monthly subscription/contribution charged from its members if such subscription is more than Rs.7,500 per month per member and the Annual Turnover of RWA by way of supplying of services and goods is also Rs. 20 lakhs or more.

Under GST, the tax burden on RWAs will be lower for the reason that they would now be entitled to Input Tax Credit (ITC) in respect of taxes paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and

input services such as repair and maintenance services. ITC of Central Excise and VAT paid on goods and capital goods was not available in the pre-GST period and these were a cost to the RWA.

The Notifications giving effect to the above recommendations of the GST Council have been issued and have come into force on 25th January, 2018. Accordingly, from 25 January 2018, the services provided by Resident Welfare Association to its members against contribution-up to an amount of Rs 7,500 per month per member have been exempted from GST.

DSM/RM

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