

### GST Implications on Co-operative Housing Society

1. Under Sec 7(1) of the CGST Act, the expression "Supply" includes – all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration in the course or furtherance of business.

**Therefore, considering the definition of supply as well as definition of business and person, it is clear that services provided by the Housing Societies to its members are subject to GST.**

2. **Taxability:**

In case, a Cooperative Housing Society is collecting more than Rs 5000 per month from a society member and if the annual maintenance collection of the society is above Rs 20 lakh, then 18% tax would be levied on the Cooperative Housing Society.

If the society's maintenance amount is less than Rs 5,000 per member, but if the society's membership base is large and the total collection exceeds Rs 20 lakh per annum, the society would be liable to pay GST.

3. **Exemption:**

Certain exemptions to the above rule is as under:

Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution –

(a) as a trade union;

(b) for the provision of carrying out any activity which is exempt from the levy of GST;

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(c) up to an amount of **five thousand rupees per month per member** for sourcing of goods or services from a third person for the common use of its members **in a housing society or a residential complex.**

4. **Property Tax, Water Tax, if collected by the RWA/Co-operative Society on behalf of the MCGM from individual flat owners, then GST is not leviable.**  
(i.e. .Property Tax-actual as per Municipal Corporation of Greater Mumbai (MCGM) & Water Tax- Municipal Corporation of Greater Mumbai (MCGM) – No GST).
5. **GST is not leviable on Non Agricultural Tax (Maharashtra State Government), Electricity Charges etc, which are collected under other statutes from individual flat owners.**
6. **Charges are collected by the Society for generation of electricity by Society's generator or to provide drinking water facility or any other service, then such charges collected by the society are liable to GST.**
7. **Sinking fund, repairs & maintenance fund, car parking charges, Non- occupancy charges or simple interest for late payment, attract GST, as these charges are collected by the RWA/Co-operative Society for supply of services meant for its members.**
8. **The reimbursements of charges or share of up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members **no GST is applicable.** Here, charges mean the individual contributions made by members of the society to avail services or goods by the society from a third party for common use.**
9. **If the Cooperative society/ RWAs provide specific services of its own to its members or to any third party (e.g. use of community hall for social function by a non-member) cumulatively along with maintenance exceeds the threshold limit as per GST, then GST is**

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**leviable on such supply of services.**

- 10.** A Housing Society will be entitled to **ITC in respect of taxes paid** by them on capital goods like generators, water pumps, lawn furniture, etc and other goods like taps, pipes, other sanitary and hardware fillings and input services such as repair and maintenance services. In case a housing society carries out maintenance or renovation work and buys commodities such as cement, paint or steel, it can avail the benefit of ITC paid on the tax paid on the purchase of these commodities from the total amount of outward liability under GST.
- 11.** Expenses where the taxes are paid but no Input tax credit will be available- Electricity Expenses, Stamp Duty, Property Tax

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**Illustrative**

CASE	Contribution from Members						Other Receipt		Total Receipt during the FY	Whether Liable To Register	Tax Payable On
	Below 5000			5000 or above			Exempted Receipt	Taxable Receipt			
	Contribution	No. of Member	Total Receipt	Contribution	No. of Member	Total Receipt	(Eg. Interest Income)	(Eg. Renting of Tower)			
CASE I	3000	700	210000	0	0	0	0	0	2100000	No	0
CASE II	3000	500	150000	0	0	0	600000	0	2100000	No	0
CASE III	3000	500	150000	0	0	0	0	600000	2100000	Yes	600000
CASE IV	3000	500	150000	5500	50	250000	0	0	1750000	No	0
CASE V	3000	500	150000	5500	200	100000	0	0	2500000	Yes	100000
CASE VI	0	0	0	5500	350	175000	0	0	1750000	No	0
CASE VII	0	0	0	5500	350	175000	400000	0	2150000	Yes	175000

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						0					0
CASE VIII	0	0	0	5500	350	175000 0	0	400000	2150000	Yes	215000 0
CASE IX	0	0	0	0	0	0	2500000	0	2500000	No	0
CASE X	0	0	0	0	0	0	0	2500000	2500000	Yes	250000 0
CASE XI	3000	300	900000	5500	100	500000	400000	400000	2200000	Yes	900000

<b>Taxability Example</b>						
Particulars	Whether count	Case	Case	Case	Case	Case
	for 5000 limit	I	II	III	IV	V
Maintenance and repair charges	Yes	4500	4500	4000	4000	4000
Interest And Penalty on above	Yes	300	300	300	300	300
Property Tax (Considering Pure agent)	No	0	1000	0	0	1000
Sinking Fund	Yes	0	0	500	0	500
Share transfer fees	Yes	0	0	0	0	200
Non-occupancy charges	Yes	0	0	0	200	300

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Parking Charges	Yes	0	0	500	300	500
Water charges	No	0	0	500	0	500
Club house, swimming charges	Yes	0	0	0	0	0
<b>Total Receipt</b>		<b>4800</b>	<b>5800</b>	<b>5800</b>	<b>4800</b>	<b>7300</b>
Receipt eligible for exemption		4800	4800	5300	4800	5800
Exemption Allowed?		Yes	Yes	No	Yes	No
Exempted portion		4800	4800	0	4800	0
Non Taxable portion		0	1000	0	0	1500
Taxable portion		0	0	5300	0	5800

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