

**MAHARASHTRA AUTHORITY FOR ADVANCE RULING**  
**GST Bhavan, Room No-107, 1st floor, B-Wing, Old Building, Mazgaon, Mumbai - 400010.**  
**(Constituted under section 96 of the Maharashtra Goods and Services Tax Act, 2017)**

**BEFORE THE BENCH OF**

(1) Shri B. Timothy, Addl. Commissioner of Central Tax, (Member)

(2) Shri A. A. Chahure, Joint Commissioner of State Tax, (Member)

GSTIN Number, if any/ User-id	27AACAR5956P1ZP
Legal Name of Applicant	Rotary Club of Mumbai Western Elite
Registered Address/Address provided while obtaining user id Corresponding Address	Kainya Business Park, S.V. Road, Malad West, Mumbai - 400064 401, Advent Atria, 4th Floor, Opp. Kingston Tower, Chincholi Bunder Road, Malad (West), Mumbai, 400064
Details of application	GST-ARA, Application No. 09 Dated 26.04.2019
Concerned officer	State Tax Officer (C-140) Nodal -9, Mumbai
Nature of activity(s) (proposed / present) in respect of which advance ruling sought	
A	Category
B	Description (in brief)
	Rotary Club of Mumbai Western Elite (hereinafter referred to as 'Rotary Club') is an association of persons, joined together to undertake social activities without any profit motive. Funds collected as fees are pooled together to be expended for meeting expenses & administrative expenses. Surplus, if any, is used for Charitable activities
Issue/s on which advance ruling required	(vi) whether applicant is required to be registered under the Act
Question(s) on which advance ruling is required	As reproduced in para 01 of the Proceedings below.

**PROCEEDINGS**

(Under section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under Section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 [hereinafter referred to as "the CGST Act and MGST Act" respectively] by M/s Rotary Club of Mumbai Western Elite, the applicant, seeking an advance ruling in respect of the following question.

"The amount collected by Rotary club is towards convenience of members and pooled together for paying meeting expenses, communication expenses, RI per capita dues, subscription fees to the Rotarian or Rotary regional magazine, district per capita assessment and the same is deposited in single bank account. As there is no furtherance of business in this activity and neither any services are rendered nor are any goods being traded, whether the above transaction can be considered as supply of goods or services to its Members under GST?"

At the outset, we would like to make it clear that the provisions of both, the CGST Act and the MGST Act are the same except for certain provisions. Therefore, unless a reference is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression 'GST Act' would mean CGST Act and MGST Act.

## 2. FACTS AND CONTENTION - AS PER THE APPLICANT

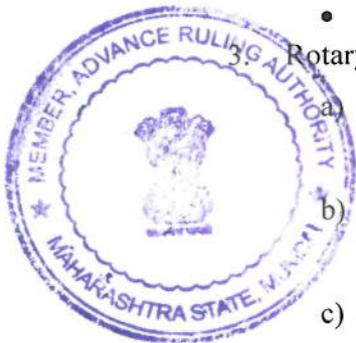
- “1. Rotary International is an International organization whose stated purpose is to bring together business and professional leaders in order to provide humanitarian service and to advance goodwill and peace around the world. It is a non-political and non-sectarian **organization** open to all people regardless of race, color, creed, religion, gender, or political preference.
2. Rotary members believe that they have a shared responsibility to take action on our world's most persistent issues. They have 35,000+ clubs which work together to:

- Promote peace
- Fight disease
- Provide clean water, sanitation, and hygiene
- Save mothers and children
- Support education
- Grow local economies

Rotary is made up of three parts:

- a) Rotary Clubs - Rotary clubs unite dedicated people to exchange ideas, build relationships, and take action.
- b) Rotary International - Rotary International supports Rotary clubs worldwide by coordinating global programs and initiatives.
- c) Rotary Foundation - The Rotary Foundation helps fund our humanitarian activities, from local service projects to global initiatives.

4. Rotary Club receives fees from its members: These can be purely said to be collected to defray its expenditure on meetings and communication, RI per capita dues, subscription fees to the Rotarian or Rotary regional magazine, district per capita dues, club annual dues, and any other Rotary or district per capita assessment. Rotary Club holds Programs, Seminars and Institutes for Leadership Development and other forums and these programs are only for Rotary Club members and non-members are not allowed to take part. Thus, funds received from members are utilized for mutual benefit of members.
5. As per By-Laws of the Rotary Club, the administration and working of the Club and implementation of policies are established and are implemented on the concept of mutuality. Each member is equally represented with individual identity and status



thereby, establishing the fact of complete transparency i.e. the identity between the contributors and the participators of the Club.

6. Since the amount received by the Rotary Club exceeds Rs. 20 lakhs, being the threshold for registration under GST Act 2017, and in order to avoid any litigation, Rotary Club obtained GST Registration effective from 16.11.2017.

**STATEMENT CONTAINING APPLICANTS INTERPRETATION OF LAW IN RESPECT OF THE QUESTIONS RAISED**

1. As per Section 9 of Central Goods & Service Tax Act, 2017 ("CGST"), levy of tax is on an event called 'supply'. Scope of supply is **stated under Section 7** of CGST Act. The said section is reproduced below for ready reference:

*'Sec. 7. (1) For the purposes of this Act, the expression "supply" includes:*

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business*
- (b) import of services for a consideration whether or not in the course or furtherance of business*
- (c) the activities specified in Schedule I, made or agreed to be made without a consideration and*
- (d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.*

2. On reading of the above section, it can be construed that to tax the transaction between an association or club and its members, said transaction must either fit under clause (a) or clause (c) above. Clause (a) covers all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.

Hence following ingredients must be satisfied:

- a. There must be supply of goods or services or both for a consideration;
- b. And such supply must be in the course or furtherance of business

It must be noted that both the ingredients must be satisfied to tax the transaction. If only one is satisfied, transaction cannot be taxed under the referred clause.

3. Under GST, the term 'business' is defined u/s. 2(17) of CGST.

*(17) "business" includes -*

- a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;*
- b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);*
- c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;*



- d) *supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;*
- e) *provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;*
- f) *admission, for a consideration, of persons to any premises;*
- g) *services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;*
- h) *services provided by a race club by way of totalisator or a licence to book club; and*
- i) *any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;*

From the above definition, it is clear that for getting satisfied under the term "business", there must be facilities or benefits to its members. However, in the instant case, the members of the club come together only for social cause and there is no furtherance of any business of benefits or facilities to the members.

4. As per clause 7(1)(c) of CGST, the activities specified in Schedule I, made or agreed to be made without a consideration shall be considered as supply.

Entry number 2 of Schedule I provides that supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business shall be taxable. Members are not covered under section 25 as distinct person. Hence only thing to be checked is whether an association and its members are related person.

Related Person is defined under Explanation to section 15 of CGST, reproduced below for ready reference:

*Explanation. - For the purposes of this Act,*

- a) *persons shall be deemed to be "related persons" if*
  - i) *such persons are officers or directors of one another's businesses;*
  - ii) *such persons are legally recognised partners in business;*
  - iii) *such persons are employer and employee;*
  - iv) *any person directly or indirectly owns, controls or holds twenty-five per cent or more of the outstanding voting stock or shares of both of them;*
  - v) *one of them directly or indirectly controls the other;*
  - vi) *both of them are directly or indirectly controlled by a third person;*
  - vii) *together they directly or indirectly control a third person; or*
  - viii) *they are members of the same family;*
- b) *the term "person" also includes legal persons;*
- c) *persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.*

6. On perusal of above list, one can conclude that there must be two or more persons who can be considered as related owing to the above conditions. As an association and its



members are the same because of principle of mutuality, they cannot be regarded as related person.

From the foregoing analysis, we conclude that transaction between an association or club and its members will not be covered within the scope of supply u/s. 7 of the CGST Act, 2017. Hence the same shall not be taxable.

7. In the context of GST, 'persons' are defined under section 2(84) of the CGST Act, 2017. As per said definition, there is no deeming fiction to treat association and members as different persons. Hence the key condition to tax a transaction under section 7(1)(a) of CGST, that supplier and recipient must be different, is not satisfied. Hence the transaction of providing services by an association to its members should not be taxed under section 7(1) of CGST.
8. Under Service Tax regime, Courts in several cases held that in absence of deeming fiction, treating club/association & its members as distinct person, service tax shall not be payable. In order to nullify the said decisions, w.e.f. 01.06.2012 clause (a) to Explanation 3 to Sec. 65B provided that an unincorporated association or body of persons, as the case may be and a member thereof shall be treated as distinct persons.

However, such deeming fiction is not provided under the current GST regime.

9. Further, on the same facts as of the applicant, AAR Maharashtra in the case of Lions club of Poona Kothrud, [2018] 100 taxmann.com 222 has held that fees collected from members cannot be brought within purview of GST.

The question raised and the answer in the instant case is as under:

Question: Since the amount collected by individual lions clubs and lions District is for convenience of lion members and pooled together only for paying Meeting expenses & communication expenses and the same is deposited in single bank account. As there is no furtherance of business in this activity and neither any services are rendered nor any goods being traded. Whether registration is required?

Answered in Negative.

10. The purpose of the Applicant is pursuing the object of Rotary International and contribute towards the object of the Rotary, support Rotary Foundation. The same can be seen from the Article 3 of the Constitution of the Applicant describing the purpose and Article 5, describing the object of the Applicant, is reproduced hereunder for reference:

**Article 3 Purposes**

*The purposes of this club are to pursue the object of Rotary, carry out successful service projects based on the Five Avenues of Service, contribute to the advancement of Rotary by strengthening membership, support The Rotary Foundation, and develop leaders beyond the club level.*



### **Article 5 Object**

*The Object of Rotary is to encourage and foster the ideal of service as a basis of worthy enterprise and, in particular, to encourage and foster: First. The development of acquaintance as an opportunity for service; Second. High ethical standards in business and professions, the recognition of the worthiness of all useful occupations, and the dignifying of each Rotarian's occupation as an opportunity to serve society; Third The application of the ideal of service in each Rotarian's personal, business, and community life; Fourth. The advancement of international understanding, goodwill, and peace through a world fellowship of business and professional persons united in the ideal of service.*

11. The receipts of the Applicant majority comprised of the following:

- a) Annual Membership Fees;
- b) Entrance Fees from New Members;
- c) Contribution from Members;
- d) Bank Interest.

The above receipts are utilised for paying broadly following expenses:

- a) Meeting expenses,
- b) Communication expenses,
- c) Rotary International per capita dues,
- d) Subscription fees to the Rotarian or Rotary regional magazine,
- e) District per capita dues,
- f) Club annual dues,
- g) Any other Rotary or district per capita assessment.

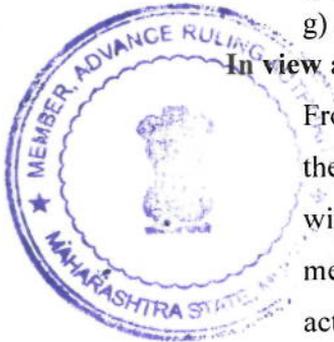
**In view above, the applicant sought clarification from advance ruling, as follows:**

From the above and on perusal of Bye Laws and Financial Statements, it can be seen that the Applicant is an association of persons, joined together to undertake social activities without any profit motive. Funds collected as fees are pooled together to be expended for meeting expenses & administrative expenses. Surplus, if any, is used for Charitable activities. As there is no furtherance of business in this activity and neither any services are rendered nor are any goods being traded, whether the amount collected from the members can be considered as supply of goods or services under GST?

12. On the same facts, as of the applicant, recently AAR Maharashtra in the case of *Lions Club of Poona Kothrud*, [2018] 100 taxmann.com 222 has held that fees collected from members cannot be brought within purview of GST.

The question raised and the answer in the instant case was as under:

*“Question: Since the amount collected by individual Lions clubs and Lions District is for convenience of Lion members and pooled together only for paying Meeting expenses & communication expenses and the same is deposited in single bank account. As there is no*



*furtherance of business in this activity and neither any services are rendered nor any goods being traded. Whether registration is required”?*

**Answered in Negative.**

The comparison of the above case law with the facts of the Appellant is as under:

S.	Facts of the Above Case	Facts of the Applicant	Remarks
1.	The applicant-Lions clubs, an <b>international organization</b> having clubs in 210 countries is <b>engaged in humanitarian</b> and charitable services. These <b>services are executed</b> through various districts comprising of many clubs. In order to facilitate meetings and <b>administration, fees are collected from members.</b> These amounts are then used for <b>administration and meetings.</b>	The applicant-Rotary club, is a <b>member</b> of Rotary International having 35,000+ <b>clubs is engaged in</b> humanitarian and charitable services. In order to facilitate meetings and administration, <b>fees are collected from members.</b> <b>These amounts are then used for administration and Meeting</b>	Same in the both cases, <b>clubs are formed for humanitarian and charitable purpose.</b> Amount collected Members utilised for <b>administration and Meeting</b>
2.	The transaction between the club and its members does not fit into the definition of 'supply' owing to the different limbs of the definition, i.e., 'business' and 'consideration'. So it was prayed that, <b>subscription received from members or cabinet should not be subjected to GST as it is a contribution towards common expenditure to conduct the meeting etc. and because no facilities or benefits are being provided out of this subscription.</b>	<b>As mentioned above, the transaction between the club and its members does not fit into the definition of 'supply' owing to the different limbs of the definition, i.e., 'business' and 'consideration'. So it is prayed that, subscription received from members or cabinet should not be subjected to GST as it is a contribution towards common expenditure to conduct the meeting etc. and because no facilities or benefits are being provided out of this subscription.</b>	Same in both cases, the transaction between club and members should not be considered as supply.



- In the referred case, the Maharashtra AAR held that since the amount collected by individual Lions clubs and Lions district is for convenience of Lion members and pooled together only for paying meeting expenses and communication expenses and the same is deposited in **single bank** account, as there is no furtherance of business in this activity and neither any **services are rendered** nor are any goods being traded, said fee cannot be brought within purview of GST.
- The facts of the referred case law are similar to the facts of applicant's case as mentioned in the table above. Hence, the ratio of the above judgement should be applied to the applicant's case.
13. Further, various Courts and Tribunals have held that, in case, the club is for the benefit for the members, club and members shall not be considered as different persons for the purpose of levy of tax. Reliance in this regards in placed on following judicial precedents:

i) *Commissioner of Income-tax v. Bankipur Club Ltd.* [1997] 92 Taxman 278 (SC) wherein it was held as under:

7.....It should be noticed that in the case of 'mutual society or concern' (including a 'Members' club'), there must be complete identity between the class of contributors and the class of participators. The particular label or form by which the mutual association is known, is of no consequence.

The said principle which has been laid down in the leading decisions and emphasized in the leading English text books mentioned above, has been explained with reference to Indian decisions in "The Law and Practice of Income Tax? (Eighth Edn., Vol. 1, 1990) by Kanga & Palkhivala at page 113, thus:

"..... 'The contributors to the common fund and the participators in the surplus must be an identical body. That does not mean that each member should contribute to the common fund or that each member should participate in the surplus or get back from the surplus precisely what he has paid'. The Madras, Andhra Pradesh and Kerala High Courts have held that the test of mutuality does not require that the contributors to the common fund should willy-nilly distribute the surplus amongst themselves: it is enough if they have a right of disposal over the surplus, and in exercise of that right they may agree that on winding up the surplus will be transferred to a similar association or used for some charitable objects...."

ii) *Saturday Club Ltd. v. Assistant Commissioner, Service Tax Cell* [2005] 1 STT 64 (CAL.) wherein it was held as under:

17..... Therefore, principally there should be existence of two sides/entities for having transaction as against consideration. In a member's club there is no question of two sides. 'Members' and 'club', both are same entity. One may be called as principal when the other may be called as agent, therefore, such transaction in between themselves cannot be recorded as income, sale or service as per applicability of the revenue tax of the country. Hence, I do not find it is prudent to say that members' club is liable to pay service tax in allowing its members to use its space as 'mandap'.

iii) *Sports Club of Gujarat Ltd. v. Union of India* [2013] 35 taxmann.com 557 (Gujarat) wherein it was held as under:

8. In the result, these petitions are allowed and it is hereby declared that Section 65(25a), Section 65(105) (zzze) and Section 66 of the Finance (No.2) Act, 1994 as incorporated/amended by the Finance Act, 2005 to the extent that the said provisions purport to levy service tax in respect of services purportedly provided by the petitioner club to its members, to be ultra vires. Rule is made absolute with no order as to costs.

[Emphasis Supplied]



iv) *Ranchi Club Ltd. v. Chief Commissioner of Central Excise & Service Tax, Ranchi Zone* [2012] 22 taxmann.com 217 Charkhand HC) wherein it was held as under:

18. .... this issue is no more *res integra* and issue is to be answered in favour of the writ petitioner and it can be held that in view of the mutuality and in view of the activities of the club, if club provides any service to its members may be in any form including as mandap keeper, then it is not a service by one to another in the light of the decisions referred above as foundational facts of existence of two legal entities in such transaction is missing. However, so far as services by the club to other than members, learned counsel for the petitioner submitted that they are paying the tax

19. Therefore, this writ petition deserves to be allowed and it is held that rendering of service by the petitioner-club to its members is not taxable service under the Finance Act, 1994 and the writ petition of the petitioner is allowed accordingly.

[Emphasis Supplied]

v) *Cricket Club of India Ltd. v. Commissioner of Service Tax* [2015] 62 taxmann.com 2 (Mumbai - CESTAT) wherein it was held as under:

16. 'Clubs or associations' are entities that need funds to exist in the form that they have assumed or evolved. Wages of employees and costs of running the establishment, such as energy charges, maintenance and repairs etc., are necessary expenses for such sustenance. Implicit in membership of clubs and associations is the obligation to share in such expenses. These are required for maintaining the assets of the club or association for which a service provider may or may not be contracted but the contributing members are not the direct beneficiaries of such services. Contribution to expenses cannot, by any stretch, be deemed to be consideration for any identified service rendered to individual members by access to the facilities or advantage that is within the wherewithal of the "club or association". However, to the extent that it is possible to identify the facilities, advantage or services of the "club or association" utilized without further payments specifically attributable to such facility, advantage or service, the subscription will be taxable.

[Emphasis Supplied]

vi) *M/s DLF Recreational Foundation Ltd. v. CST, New Delhi* [2017] Appeal No. ST/1085/2011 (Chandigarh Tribunal) wherein it was held as under:

6. Considering the fact that the levy of service tax on the service provided by a club to its members has been purported ultra-virus under the category of club or association services. Therefore, we do not find any merit in the impugned order, the same is set aside. The appeal is allowed with consequential relief, if any.



On reading of the above judgements, it can be observed that various Courts and Tribunals have held that in case the club is for the benefit for the members, club and members cannot be considered as different persons for the purpose of levy of tax. Accordingly, no tax should be levied on the amount collected by club from its members. The ratio of the above judgements should be applied to the applicant's case also.

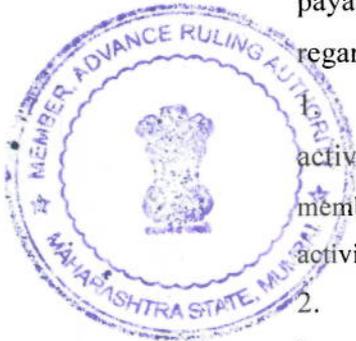
14. Under Service Tax regime, Courts in several cases held that in absence of deeming fiction, treating **club/association & its members as distinct person**, service tax shall not be payable. In order to nullify the said decisions, w.e.f. 01.06.2012 clause (a) to Explanation 3 to Sec. 65B provided that an unincorporated association or body of persons, as the case may be and a member thereof shall be **treated as distinct persons**. However, such deeming fiction is not provided under the current GST regime.

In view of the above submissions, it is evident that the Applicant and its members are same. Hence, the key condition to tax a transaction u/s. 7(1)(a), that supplier and recipient must be different, is not satisfied. Considering the same, the **transaction of providing services by an association to its members** should not be taxed u/s. 7(1)(a).

15. The applicant has submitted Declaration for receipt of Funds and its utilization. This declaration is made in reference to the Application made by the Applicant before Maharashtra Authority for Advance Ruling to seek clarification on, whether GST is payable on the membership fees collected by the Applicant from its Members. In this regard, the Applicant would like to submit as under:

The Applicant is an association of persons, joined together to undertake social activities without any profit motive. The applicant is not formed to provide services to members but people gather under the umbrella with objective to perform socially relevant activities,

2. The Applicant collects funds from each of its Members as decided from time to time.
3. Such funds are pooled together to be expended for making payment of Rotary International dues, Rotary District Dues, meeting expenses, administrative expenses and Charitable activities.
4. The Members of the Applicant are not entitled to any facilities whatsoever such as sports, fitness, lifestyle, entertainment and personal transportation out of these funds.
5. In case of training programs/workshops/cultural programs conducted by the Applicant for the benefits of the Members, the amount towards the said programs/workshops are collected and separately from the Members and accounted accordingly. We undertake to make payment of GST on the same provided the same is above the threshold limit as prescribed by the Govt.



6. The Applicant hereby confirms that membership fees collected from the Members is towards Rotary International / district dues, meeting expenses, administrative expenses and charitable activities.

04. CONTENTION – AS PER THE CONCERNED OFFICER

The jurisdictional office has not made any submissions.

05. HEARING

Preliminary hearing in the matter was held on 19.09.2019, Sh. Ganesh Narayan, C.A. of T R Chadda & Co LLP appeared and made written submissions and also requested for admission of their application. He further requested for conducting the final hearing simultaneously. The application was admitted and also taken up for final hearing. Jurisdictional Officer Sh. Mahesh Bagwe, State Tax Officer(C-140), Nodal 9, Mumbai, appeared.

The applicant's representative has submitted a copy of M/s. Lion Club of Poona, Kothrud passed by Appellate Authority of Advance Ruling, Maharashtra State, Mumbai dated 14.08.2019, wherein they have hold that membership fee collected by the Club will not be subject to GST and only registration fee charged from members for participation in training programs/workshops will be subject to GST.

06. OBSERVATIONS

We have gone through the facts of the case, documents on record and submissions made by both, the applicant as well as the jurisdictional office.

Applicant has stated that they receive fees from their members to meet their expenditure on meetings and communication, RI per capita dues, subscription fees to the Rotarian or Rotary regional magazine, district per capita dues, club annual dues, and any other Rotary or district per capita assessment. They hold Programs, Seminars and Institutes for Leadership Development and other forums and these programs are only for their members and, non-members, are not allowed to take part. They have also submitted as under: -

- a. The members of the applicant club come together only for social cause and there is no furtherance of any business of benefits or facilities to the members.
- b. The applicant **and its members** are the same because of principle of mutuality and they cannot be regarded as related persons and therefore the **transaction between them association** and their members will not be covered within the scope of supply u/s. 7 of the CGST Act, 2017.
- c. Their receipts comprised of Annual Membership Fees, Entrance Fees from New Members, Contribution from Members and Bank Interest.
- d. The above receipts are utilised for paying Meeting and Communication expenses, Rotary International per capita dues, Subscription fees to the Rotarian or Rotary



regional magazine District per capita dues, Club annual dues and any other Rotary or district per capita assessment.

- e. The facts of the subject case are similar to the facts of the case in Lions Club of Poona Kothrud, wherein the Appellate Authority for Advance Ruling, Maharashtra has held that fees collected from members cannot be brought within purview of GST.

In similar cases of Rotary Club of Queens Necklace and Rotary Club of Nariman Point, this authority has already held that the amount collected as membership subscription and admission fees from members is liable to GST as supply of services.

We also find that, vide Amended Order No. MAH/AAAR/SS-RJ/32A/2018-19 dated 14.08.2019 (order issued after the orders passed by this authority in the cases of Rotary Club of Queens Necklace and Rotary Club of Nariman Point), the Hon'ble Appellate Authority For Advance Ruling, Maharashtra, in the case of Lions Club of Kothrud, has held that *the membership fee collected by them will not be subject to GST and only registration fee charged from members for participation in the training programs/workshops will be subject to GST*. The amended order was issued taking into consideration, the additional submissions made by the Lions Club of Kothrud stating that membership fee recovered by them from their members is spent towards meeting various administrative expenses only and not appropriated towards provision of leadership program. However, in the subject case, the applicant has not stated that the membership fee has been used only for administrative purposes only. Further, from the Income & Expenditure statement submitted by the applicant for the period F.Y. 2017 -2018, it is seen that while their receipts from members for Events is only Rs.4,35,000/-, they have incurred expenses towards items other than administrative fees including an expenditure of Rs. 32,65,642/- towards Club Events. The receipts from membership fees is Rs. 70,95,760/-. We therefore find that they have used contributions received against membership fees, for expenses other than only administrative expenses.

We are therefore of the opinion, keeping the amended decision of the Appellate Authority in mind that, only membership fee recovered by them from their members, spent towards incurring various administrative expenses only will be exempted from GST.

With regard to the expenses other than the administrative expenses, this Authority has already held in similar cases of Rotary Club of Queens Necklace and Rotary Club of Nariman Point that the amount collected by the Rotary clubs are towards convenience of members and pooled together for paying various expenses and are leviable to GST. We do not find any grounds to deviate from the said decisions made by this Authority since in the



facts of the subject case are very much similar to the facts of the case of Rotary Club of Queens Necklace and Rotary Club of Nariman Point.

07. In view of the extensive deliberations as held hereinabove, we pass an order as follows:

**ORDER**

(Under section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

NO.GST-ARA- 09/2019-20/B- 105 Mumbai, dt. 4.10.2019

For reasons as discussed in the body of the order, the questions are answered thus –

Question: - The amount collected by Rotary club is towards convenience of members and pooled together for paying meeting expenses, communication expenses, RI per capita dues, subscription fees to the Rotarian or Rotary regional magazine, district per capita assessment and the same is deposited in single bank account. As there is no furtherance of business in this activity and neither any services are rendered nor are any goods being traded, whether the above transaction can be considered as supply of goods or services to its Members under GST?

Answer :- The said transaction by the applicant to its members is a supply of goods/services and is liable to GST.



— sd —  
B. TIMOTHY  
(MEMBER)

— sd —  
A. A. CHAHURE  
(MEMBER)

**CERTIFIED TRUE COPY**

**Copy to:-**

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Chief Commissioner of Central Tax, Churchgate, Mumbai
5. Joint commissioner of State Tax , Mahavikas for Website.

  
MEMBER  
ADVANCE RULING AUTHORITY  
MAHARASHTRA STATE, MUMBAI

**Note :-** An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15<sup>th</sup> floor, Air India building, Nariman Point, Mumbai – 400021.