

**AUTHORITY FOR ADVANCE RULING**  
**TAMILNADU ADVANCE RULING AUTHORITY**  
**PAPJM Buildings, II Floor, No.1, Greams Road, Chennai-6**

**PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF THE**  
**GOODS AND SERVICES TAX ACT, 2017.**

Members present are:

1. Ms. Manasa Gangotri Kata IRS., Joint Commissioner/Member,  
Office of the Commissioner of GST & Central Excise, Chennai.
2. Thiru S. Vijayakumar, M.Sc., Joint Commissioner (CT)/Member (FAC),  
Office of the Joint Commissioner (ST), Enforcement /  
Inter-State Investigation Cell, Chennai-6.

**ORDER No. 6/AAR/2019, DATED 22.01.2019**

GSTIN Number, if any / User id		Unregistered
Legal Name of Applicant		M/s. Dream Runners Foundation Limited
Registered Address/Address provided while obtaining user id		C/o Khuzem Lal, Mulberry II Floor, New No.6, Old No.14, Second Cross Street, Karpagam Gardens, Adyar, Chennai-600020
Details of Application		GST ARA – 001 Application Sl.No. 12 dated: 27.03.2018
Concerned Officer		State : The Assistant Commissioner(ST) Adyar Assessment Circle  Centre : Chennai South ,Division: Adyar
Nature of activity(s) (proposed / present) in respect of which advance ruling sought		
A	Category	Service Provision
B	Description (in Brief)	Dream Runners Foundation is a Charitable Trust involved in charitable objects such as Health care, Rural Development, Women Empowerment, Education facility etc.
Issue/s on which advance ruling required		Applicability of Notification No.12/2017 Central Tax (Rate) to claim exemption under clause2(r) of the Notification
Question(s) on which advance ruling is required		I. Whether the conduct of marathon events by the Trust through which donations are raised for charity is an exempted service under GST ? ii. When the Trust is approved under Sec 12AA of the Income Tax Act 1961, which means that the service of the Trust is charitable in nature,

	<p>does it not automatically become a charitable activity that is exempted under GST?</p> <p>iii. As the service rendered by the Trust is a charitable activity within the definition of Clause 2(r) of Notification No.12/2017-Central Tax (Rate), is registration under GST required?</p> <p>iv) Are donations received from participants of the marathon event exempted from GST as it is money paid for conduct of a marathon event for raising funds for charity?</p>
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**Note : Any appeal against the advance ruling order shall be filed before the Tamilnadu State Appellate Authority for Advance Ruling, Chennai under Sub-section (1) of Section 100 of CGST ACT/TNGST Act 2017 within 30 days from the date on which the ruling sought to be appealed against is communicated.**

**At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.**

M/s. Dream Runners Foundation, C/o Khuzem Lal, Mulberry II Floor, New No.6, Old No.14, Second Cross Street, Karpagam Gardens, Adyar, Chennai-600020 (hereinafter called as Trust or Applicant) is not registered under GST. They have stated to have engaged in conducting public charitable activities such as Health care, Rural development, Women empowerment, Education facility etc, either directly or through various public charitable institutions for the common good of the general public of and in India, irrespective of caste, religion, creed, gender and without any motive for profit. The Applicant has sought Advance ruling on the following questions:

- I. Whether the conduct of marathon events by the Trust through which donations are raised for charity is an exempted service under GST?
- ii. When the Trust is approved under Sec 12AA of the Income Tax Act 1961 which means that the service of the Trust is charitable in nature, does it not automatically become a charitable activity that is exempted under GST?
- iii. As the service rendered by the Trust is a charitable activity within the definition of Clause 2(r) of Notification No.12/2017-Central Tax (Rate), is registration under GST required?

iv) Are donations received from participants of the marathon event exempted from GST as it is money paid for conduct of a marathon event for raising funds for charity?

The Applicant has submitted the copy of application in Form GST ARA – 01 and also submitted a copy of Challan evidencing payment of application fees of Rs.5,000/- each under sub-rule (1) of Rule 104 of CGST rules 2017 and SGST Rules 2017.

2.1 The Applicant has submitted that the principal objects of the Trust along with other requirements, are covered by a Trust Deed dated 7<sup>th</sup> June 2013 that was duly registered and notarized. The principal objects of the Trust as per the Trust Deed is to organize events like Marathon, Blood Donation Camp, Organ Donation Camp, Eye Donation Camp, Health Awareness Camp etc and utilize the funds raised from such events for Charitable Cause like funding to Non-Governmental Organizations (NGOs), Hospitals, Trusts and other Charitable Organizations. Apart from the above the Applicant also conducts camps, seminars, meetings, publicity and prevention for terminal illness like cancer, AIDS etc., and they also promote, administer, support, maintain and or grant aid to any NGO's institutions or organizations having similar objectives like the Applicant in India. The Applicant has also stated that each of the mentioned objectives shall be independent of each other and none of the objects involve carrying of any business, trade or any activity for profit.

2.2 The Applicant has stated that the Trust was registered under Sec 12AA of the Income Tax Act, 1961 vide the application entered at DIT(E)No.2(221)/13-14/SI.No.299/13-14 dated 30.12.2013 issued by the Directorate of Income Tax (Exemptions), Chennai. Donations to the Trust are also exempted from tax under Section 80G of the Income Tax Act 1961, Vide the approval of The Office of the Director of Income Tax (Exemptions) under reference DIT (E) No 2(221)/13-14 dated 16 July 2014. In line with the stated objects, the Trust had organized and conducted every year a marathon event named Dream Runners Half Marathon since 2012. The event involved collecting donations from the participating runners and also money pooled in through corporate donations for the event. The amount so received is utilized for the conduct of the event that includes permit and approval fees, fees paid to the government authorities, expenses for the conduct of the event that includes prize money for the winners and the balance left is paid as donations to the NGOs supporting the cause or directly to the beneficiaries.

2.3 The Applicant has further stated that they conduct event always for a public cause. The cause for the last three editions was for prosthetic legs. The net proceeds of the event were, for the last three years, donated to Freedom Trust, a NGO engaged in providing prosthetic limbs to the less privileged public in Tamil Nadu apart from direct beneficiaries like Avvai Home, a school for poor and orphans and Olcott Memorial School. The accounts of the Trust are duly audited and annual audited statements are filed with the concerned authorities including the filing of return with the Income Tax authorities. The details of the donations raised from past three marathon events conducted for the cause and the net amount donated from the proceeds of the event as submitted by the Applicant is tabulated as under:

(Amount Rs)

Financial Year	Total Donations received	Net Amount Donated
2015-16	53,85,500	6,90,000
2016-17	53,66,250	8,98,884
2017-18 (Estimated)	63,11,967	7,69,250

2.4 The Applicant has also submitted that under the Service Tax regime Vide Notification No. 25/2012- Service Tax dated- 20th June 2012, as amended by incorporating changes made till issuance of Notification no 10/2017-Service Tax dated 8-3-2017, the Central Government, under Para 4 exempted the services by an entity registered under section 12AA of the Income Tax Act, 1961 (43 of 1961) by way of charitable activities from the whole of the service tax leviable thereon under section 6613 of the said Act. The activities of the Trust were not under the purview of Service Tax legislations as it satisfied the conditions, for exemption viz

i. Services provided by the entity registered u/s 12AA of Income Tax Act, 1961,  
and

ii. Services were charitable activities defined as the principal objects of the trust.

Hence no Service Tax was collected on donations received front the participants of the marathon event as it was considered as a charitable activity under Service Tax. The Applicant is of the view that Charitable Trusts, which are registered under Section 12AA of Income Tax are also Trust under GST. The benefit of exemption under Sl. No. 1 of Notification No 12/2017 Central Tax (Rate) as amended is to charitable activities as defined under Clause 2(r) of the notification. The activities of raising funds for charity through conduct of events like Marathon, Blood Donation, Organ Donation Camp, Eye Donation Camp, Health awareness camp and utilize the

funds raised from such events for charitable cause like funding to Non-government Organizations, Hospitals. The receipt of money from participants of the event is in the form of donation. . After meeting expenses for the conduct of the event, the net proceeds are contributed to a cause for which the event is conducted. The cause for the support of providing prosthetic legs is covered under the definition of charitable activities as “(i) public health by way of (A) care or counselling of (i) terminally ill persons or persons with severe physical or mental disability” Thus , Their activities of the trust by conducting marathon events is to be considered as a charitable activity exempted from the levy of GST vide Notification No.12/2017 Central Tax(Rate) as amended on the amounts collected from the participants.

3.1 The Authorized Representative of the Applicant was heard in the matter. They have stated that they conduct marathon events for seeking donations to charitable activities. They have stated that they email receipts to the participants to qualify for the 80G certificate of Income Tax. They have also informed that the money is collected by the registration partner who is paid a part of the collection for use of their portal. They submitted order under Section 12AA, approval under Section 80G of Income Tax Act, Trust Deed, balance sheets, income tax returns, sample receipts given for donations to the trust, publicity brochure for the dream runners marathon, sample receipt to a participant of the marathon. The Applicant have also submitted a write up for flow of donations and funds from both individuals and corporate sponsorships for the event.

3.2. In the write-up, they have stated that they have a service partner (youtoocanrun), who is engaged to provide registration portal, data from back end for flow of and number of runners registered by gathering all the personal data of the runners. As the Applicant does not have a payment gateway of his own, the payment gateway of the registration partner is used to collect the donation contribution by the individual runners registering for the event. The individual participants log in their website and through the registration link provided by the Registration partner ( youtoocanrun), the donation contribution of the individual customer is collected. The registration partner generates an online donation receipt in the name of foundation as money received by the Foundation giving PAN and 80G registration number of the Foundation. The same after deducting 6% as charges, for payment gateway charges and charges for use of portal, is deposited to the Trust account. In respect of the bulk registrations from employees of corporate and running groups, the money is deposited by bank transfer or cheques into the designated bank

account of the Foundations and no service charges are paid to youtoocanrun. Apart from the above, the foundation has contracts entered with Corporates for Title and other Sponsorships at rates mutually agreed upon between the Foundation and the Sponsors, the amounts of which are deposited in the Trust account.

4. On verification of the documents submitted. it is seen that Dream Runners Foundation is a Trust formed in 2013, registered as a public charitable trust with Income Tax, with the objective to organize events like Marathon, Blood Donation Camp, Organ Donation Camp, Eye Donation Camp, Health Awareness Camp etc. and utilize the funds raised from such events for Charitable Cause like funding to Non-Governmental Organizations (NGOs), Hospitals, Trusts and other Charitable Organizations, to conducts camps, seminars, meetings, publicity and prevention for terminal illness like cancer, AIDS etc., and to promote, administer, support, maintain and or grant aid to any NGO's institutions or organizations having similar objectives like the Applicant in India. The trustees can accept donation, grants, subscriptions, contributions from any person, organization etc. It is seen from the IT returns that the Applicant are filling 'nil' income. As per balance sheet it is seen that they are showing income from "Donations received for Marathon and other events". They are showing under operational expenses various amounts pertaining to "Donation paid(cash)", "Donation paid (Material and kind)", " Marathon Event Expenses", " Material purchased for Marathon event", "event management", " Misc. expenses" , "prize money for marathon events" , "promotion expenses "etc. It is seen that out of all the amounts shown as operational expenses, a majority of the amounts are under the heads of "Marathon Event Expenses", "Material purchased for Marathon event", "event management", "Misc. expenses", "and prize money for marathon events" and only a small portion is towards "Donations paid". The Applicant has also furnished the approximate amounts of Total donations received versus net amount donated as shown in Para 2.3 above. It is seen from the publicity brochure that it is being advertised as an annual fund-raiser event of the Dream runner Foundation to support the cause of providing prosthetic legs for the under – privileged and financial aid to schools in need. Around 5000 runners participate in the event, which was originally formed by a group of motivated runners. The Dream Runners half Marathon was ranked number 2 in the India among all races. The event is meant to bring about awareness about wellness and health. There are also various dream runners chapters in various parts of Chennai.

It is seen from the sample receipt for donation given, in some cases the Applicant is directly issuing letters to participants in the Dream Runners Marathon treating it as a "donation" and stating that such donations are qualified for deduction under Section 80G of IT Act. In other cases, emails are sent to those who register online, giving a registration number for "hosting them for the running event". The email indicates that a donation is received towards the specific event of Dream runners Marathon. The amount collected per participant was Rs 1200 for 2018, Rs 950 in 2016, Rs 900 in 2015 etc.

The issues raised in the present application and to be determined are

- i. Whether the conduct of marathon events by the Applicant who is a Trust approved under Section 12AA of the Income Tax Act 1961 through which donations are raised for charity is an exempted service under GST?
- ii. When the Trust is approved under Sec 12AA of the Income Tax Act 1961 which means that the service of the Trust is charitable in nature, does it not automatically become a charitable activity that is exempted under GST?
- iii. As the service rendered by the Trust is a charitable activity within the definition of Clause 2(r) of Notification No.12/2017-Central Tax (Rate), is registration under GST required?
- iv) Are donations received from participants of the marathon event exempted from GST as it is money paid for conduct of a marathon event for raising funds for charity?

5.1 It is clear that the Applicant is a Trust with the object to organize events for charitable Cause like Marathon, Blood Donation Camp, Organ Donation Camp, Eye Donation Camp, Health Awareness Camp, Etc., and utilize the fund raised for the charitable cause like funding to Non-Governmental Organisations(NGOs), Hospitals, Trust and other Charitable Organizations. They are registered under Section 12AA of the Income Tax Act 1961 and the receipts are exempted under Section 80 G of the Income Tax Act. The Applicant is conducting Marathon and the receipts of the event are utilized for conduct of the event and the balance left is donated to the cause for the support of providing prosthetic legs.

5.2 In the instant case, the Applicant collects an amount from participants registered to for the marathon, treating them as donations . It is seen from the balance sheet that From these collected amounts, the expenses of paying the registration partner, event management expenses, prize money, expenses for

conducting the marathon, are met and some portion of the balance is given as donation for various activities such as donating to Freedom Trust, a NGO who in turn provide prosthetic limbs to the less privileged public in Tamil Nadu apart from direct beneficiaries like Avvai Home, a school for poor and orphans and Olcott Memorial School. The activity in question is the Applicant organizing a Marathon. This is advertised as Dream Runners Marathon where a large number of persons participate. Though the money collected from the participants maybe donated or used for further charitable activities, organizing marathon itself is a separate supply of service by the Applicant for the various participants, individuals or runner groups etc.

5.3 As per Section 2(31) of CGST Act,

*“(31) “consideration” in relation to the supply of goods or services or both includes—*

*(a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;”*

The money collected by the Applicant, from the participant in the Marathon is used for the expenses of organizing the Marathon in terms of paying the registration partner, event management charges, prize money, publicity, other organizing expenses such as T-shirts, banners and other related materials etc. as seen in their balance sheets. Therefore, the money collected from the participants is a consideration towards the supply of service of organizing and conducting the marathon for the participant’s conduct of marathon event and the same is liable to GST.

5.4 The Applicant has claimed that their activities are exempted under Sl.No. 1 of Notification No.12/2017-Central Tax (Rate) dated 28<sup>th</sup> June 2017. The relevant extract of Sl.No. 1 of Notification No. 12/2017-C.T. (Rate) dated 28<sup>th</sup> June 2017 and the relevant definitions are extracted below for ease of reference:

Sl.No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
1	Chapter 99	Services by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities.	Nil	Nil

2. Definitions. - For the purposes of this notification, unless the context otherwise requires, -

(r) "charitable activities" means activities relating to -

(i) public health by way of,-

(A) care or counseling of

(I) terminally ill persons or persons with severe physical or mental disability;

(II) persons afflicted with HIV or AIDS;

(III) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or

(B) public awareness of preventive health, family planning or prevention of HIV infection;

(ii) advancement of religion, spirituality or yoga;

(iii) advancement of educational programmes or skill development relating to,-

(A) abandoned, orphaned or homeless children;

(B) physically or mentally abused and traumatized persons;

(C) prisoners; or

(D) persons over the age of 65 years residing in a rural area;

(iv) preservation of environment including watershed, forests and wildlife;

The Applicant is an entity registered under Section 12AA of Income Tax Act. However, for the purposes of CGST Notification No. 12/2017-C.T.(Rate) dated 28<sup>th</sup> June 2017 and SGST Notification No.II(2)/CTR/532(d-15)/2017 vide G.O. (Ms) No. 73 dated 29.06.2017, only those activities of such an entity are exempt from GST which qualify under the definition of "charitable activities" given in the notification. This activity of conduct of Marathon event by the Applicant does not fall under the definition for Charitable activities mentioned under clause 2(r) of Notification 12/2017 Central Tax(Rate) dated 28<sup>th</sup> June 2017 and Notification No.II(2)/CTR/532(d-15)/2017 vide G.O. (Ms) No. 73 dated 29.06.2017,. Therefore, though the Applicant is an entity registered under Section 12 AA of the Income Tax Act and conducts the Marathon events for raising funds for charitable activities, the exemption under Sl.No. 1 of these notification does not apply to the activity of organizing the marathon by the Applicant.

5.5 As per Section 22 of CGST/TNGST Act, every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his

aggregate turnover in a financial year exceeds twenty lakh rupees. In the instant case, the Applicant's annual turnover is more than Rs 20 lakhs and they are providing the taxable supply of organizing marathon events. Hence, they are liable to register under CGST /TNGST Act.

6. In view of the foregoing, we rule as under:

**RULING**

- i. The conduct of Marathon event by the Applicant for the participants is a not an exempt supply under CGST/TNGST Act
- ii. Only those activities of Applicant, who is a Trust is under Sec 12AA of the Income Tax Act 1961, which fall under the definition of "charitable activities" as per Clause 2(r) of Notification 12/2017 Central Tax(Rate) dated 28<sup>th</sup> June 2017 and Notification No.II(2)/CTR/532(d-15)/2017 vide G.O. (Ms) No. 73 dated 29.06.2017 are exempt.
- iii. As the Applicant is supplying taxable supply of services such as organizing marathon etc. and has aggregate turnover in a financial year exceeding twenty lakh rupees, the Applicant is required to be registered under CGST/TNGST Act.
- iv. The money collected from the participants for conduct of the Marathon in the event organized by the Applicant and therefore is not exempted from CGST/SGST.



Ms. Manasa Gangotri Kata, IRS  
Member

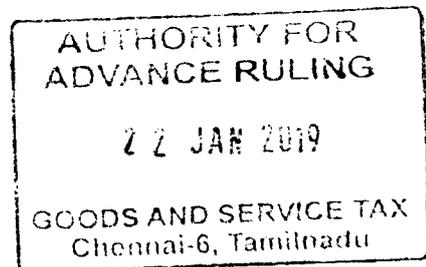


Shri. S.Vijayakumar, M.Sc.,  
Member (FAC)

To

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/ By Speed Post with Ack. Due /



Copy Submitted to:

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2. The Principal Chief Commissioner of GST & Central Excise,  
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