

GST impact on Housing Societies Maintenance Dues & other collections for RWAs/Management Committees

RWAs or management committees are usually acting purely as agents, where they collect money from residents for services availed by them and then paid on to the service provider without charging any commission or a consideration by any other name. Here exclusion from the value of taxable service would be available.

However, if the service provider bills the RWA or the Association, example in the case of electricity bills issued in the name of RWA, in respect of electricity consumed for common use of lifts, motor pumps for water supply, lights in common area, etc., since there is no agent involved in these transactions, the exclusion from the value of taxable service would not be available.

Service Tax exemptions in GST for Housing Societies

1. Services by way of renting of residential dwelling for use as residence
2. For any registered housing society or a residential complex, maintenance dues paid by its members of an amount up to Rs 5000 per month, service tax is exempted
 1. Housing societies will need to charge 18% GST to its members if maintenance recovery is more than Rs.5000/- p.m. per member & if total maintenance recovery by a society exceeds Rs. 20 lacs p.a. Accordingly, only those societies who fall in this category (i.e. fulfilling both the conditions) will need to register under GST & charge from July onwards.
3. Service Taxes are exempted for labour contracts used for the construction of either single residential unit or a residential complex.