

**BEFORE THE HON'BLE GST APPELLATE TRIBUNAL, DELHI BENCH, DELHI
Appeal No.....of 2026)**

IN THE MATTER OF:

AK Residential Society GSTIN: URPAPPELLANT

VERUS

COMMISSIONER, ZONE 8, DELHI GST DEPARTMENT, ITO,
DELHI.....RESPONDENT

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For AK Residential Society

Mr. ABC

Secretary & Authorised Signatory

Date 19th April 2026

Delhi

AK Residential Society

Society Office: Patparganj, East Delhi

[GSTIN: URP]

Appeal under section 112(1) of the CGST Act, 2017

Before

The

HON'BLE GST APPELLATE TRIBUNAL, DELHI

BENCH, DELHI

Against

Order No. ZD00000000 dated February 28, 2026

Passed by

Office of Joint Commissioner (Appeals) Zone VIII, GST Bhavan,

DGST Department, New Delhi

COUNSEL: CA. MAYANK AHUJA

AK Residential Society**Society Office: Patparganj, East Delhi
GSTN- URP**

The Registrar

The Hon'ble GST Tribunal,

Delhi Bench, Delhi

Sub: **Submission of Appeal under Section 112(1) of the CGST Act, 2017**

In the matter of AK Residential Society APPEAL NO. OF 2026

Ref: Order No. ZD00000000 dated February 28, 2026, Passed by the Office of Joint Commissioner (Appeals), Zone VIII, GST Bhavan, DGST Department, New Delhi

Respected Sir,

With reference to the above, we submit herewith an appeal in Form GST APL-05 in four sets. The details of the documents being submitted are mentioned in the index on the next page.

Please acknowledge the receipt.

Thanking You,

Yours faithfully

For AK Residential Society**Mr. ABC****(Secretary- Authorised Signatory)****Date: 19th April 2026****Encl: As above**

FORM APL-02**See Rule 108(3)****Acknowledgment for Submission of Appeal****Name of Applicant: AK Residential Society****GSTIN- URP****Your Application has been successfully filed against ARN- Z0000000000**

- 1. REFERENCE NUMBER- 111111111**
- 2. DATE OF FILING- XXXXXXXX**
- 3. Time Of Filing- XXXXX**
- 4. Place of Filing- XXXX**
- 5. Name of Person Filing Appeal- XXXXX**
- 6. Amount of Pre deposit- Rs. XXXXX**
- 7. Date of Acceptance of Appeal- xxxxxxx**
- 8. Date of Appearance- Time :- xxxx Date :- xxxx**
- 9. Court No. xxxxxxx Bench- XXX**

Place: Delhi**Date-
Signature-****Name-****Designation:****On Behalf of Appellate Authority/Appellate Tribunal/Commissioner**

FORM GST DRC-03**{See Rule 142(2) & 142(3)}****Intimation of Payment Made voluntarily or payment made against SCN or Statement**

- 1. GSTIN**
- 2. Name- AK Residential Society**
- 3. Cause of Payment- SCN**
- 4. Section under which Voluntary payment is made-**

FORM GST APL-05

[See rule110(1)]

Appeal to the Appellate Tribunal

1. GSTIN/ Temporary ID/ UIN - URP
2. Name of the appellant – AK Residential Society
3. Address of the appellant– Patparganj, Delhi
4. Order appealed against- Number- ZD000000 Date-28.02.2026
5. Name and Address of the Authority passing the order appealed against- Office of Joint Commissioner (Appeals), Zone VIII, GST Bhawan, Delhi
6. Date of communication of the order appealed against- 28.02.2026
7. Name of the representative – CA. Mayank Ahuja
8. Details of the case under dispute:
 - (i) Brief issue of the case under dispute : Whether Registration is required if even Principle of Mutuality exists, Retrospective Amendment, Incorrect valuation of supply, Invocation of Sec 74
 - (ii) Description and classification of goods/services in dispute
 - (iii) Period of dispute: 2024-25
 - (iv) Amount under dispute:

Description	Central tax	State/UT tax	Integrated tax	Cess
a)Tax/ Cess				
b)Interest				
c)Penalty				
d)Fees				
e)Other charges				

- (v) Market value of seized goods
9. Whether the appellant wishes to be heard in person?
10. Statement of facts
11. Grounds of appeal
12. Prayer
13. Details of demand created, disputed and admitted

Particulars of demand	Particulars		Central Tax	State/UT Tax	Integrated tax	Cess	Total amount	
	Amount demanded/ rejected>, if any (A)	a)Tax/ Cess					<total >	<total >
b) Interest		<total >						
c) Penalty		<total >						
d)Fees		<total >						
e)		<						
	Other charges	total >						
Amount under dispute (B)	a)Tax/ Cess	<total >	<total >					
	b) Interest	<total >						
	c) Penalty	<total >						
	d)Fees	<total >						
	e) Other charges	<total >						
Amount admitted (C)	a)Tax/ Cess	<total >	<total >					
	b) Interest	<total >						
	c) Penalty	<total >						
	d)Fees	<total >						
	e) Other charges	<total >						

14. Details of payment of admitted amount and pre-deposit:

(a)Details of amount payable :

Particulars			Central tax	State/UT tax	Integrated tax	Cess	Total amount	
a)Admitted amount	Tax/Cess						<total >	<total >
	Interest						< total >	
	Penalty						<	
							total >	
	Fees						< total >	
	Other charges						< total >	
b)Pre-deposit [20% of disputed tax/cess but not exceeding Rs.50 crore each in respect of CGST, SGST or cess or not exceeding Rs.100 crore in respect of IGST and Rs.50crore in respect of cess] ¹⁴⁷	Tax/Cess						< total >	

(b) Details of payment of admitted amount and [pre-deposit of 20% of the disputed tax and cess but not exceeding Rs.50 crore each in respect of CGST, SGST or cess or not exceeding Rs.100 crore in respect of IGST and Rs. 50 crore in respect of cess]¹⁴⁸

Sr. No.	Description	Tax payable	Paid through Cash/Credit Ledger	Debit entry no.	Amount of tax paid			
					Integrated tax	Central tax	State/UT tax	CESS
1	2	3	4	5	6	7	8	9
1.	Integrated tax		Cash Ledger					
			Credit Ledger					
2.	Central tax		Cash Ledger					
			Credit					

¹⁴⁷Substituted for "20% of disputed tax" vide Not fno.03/2019-CTdt.29.01.2019 wef 01.02.2019

¹⁴⁸Substituted for "pre-deposit 20% of the disputed admitted tax and cess" vide Not f no.03/2019-CTdt. 29.01.2019 wef 01.02.2019

			Ledger						
3.	State/UT tax		Cash Ledger						
			Credit Ledger						
4.	CESS		Cash Ledger						
			Credit Ledger						

(c) Interest, penalty, late fee and any other amount payable and paid:

Sr. No.	Description	Amount payable				Debit entry no.	Amount paid			
		Integrated tax	Central tax	State/UT tax	CESS		Integrated tax	Central tax	State/UT tax	CESS
1	2	3	4	5	6	7	8	9	10	11
1.	Interest									
2.	Penalty									
3.	Late fee									
4.	Others (specify)									

15. [Place of supply wise details of the integrated tax paid (admitted amount only) mentioned in the Table in sub-clause (a) of clause 14 (item (a)), if any

Place of Supply (Name of State/UT)	Demand	Tax	Interest	Penalty	Other	Total
1	2	3	4	5	6	7] ¹⁴⁹
	Admitted amount [in the Table in sub-clause (a) of clause 14 (item (a))]					

Verification

I, Mr. ABC secretary of AK residential Society, hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed there from.

Signature

AK Residential Society
Secretary cum Authorised Signatory

Signed Before me
Mayank Ahuja
Chartered Accountant

Place: - New Delhi

Date: - 19th April 2026

Enclosed: Pre-deposit challan of Rs. 3,79,000

Total we have paid Rs. 758,000/- (3,79,0000 paid at first appellate authority)

BEFORE THE GOODS AND SERVICES TAX APPELLATE TRIBUNAL
(Under Section 112 of the CGST/DGST Act, 2017)

IN THE MATTER OF:

AK Residential Society ...Appellant
Versus
Commissioner, DGST ...Respondent

1. Facts of the case

Formation of society: -

The Appellant (AK Residential Society) is an unregistered residential welfare association Based in Patparganj, Delhi formed for maintenance of common facilities.

AK Residential Society fully functional since 1.4.2024 and allottees started living there. Society having 45 three bed room apartments, and 12 pent houses.

The Appellant collects amounts from members towards maintenance, utilities, statutory levies, and incidental charges on a **no-profit, mutual basis**.

The present appeal raises a **pure question of law** regarding taxability of transactions between a residential welfare association and its members.

The demand is unsustainable as it proceeds on an **erroneous assumption that mutual contributions constitute "supply"** under GST.

A Show Cause Notice dated 11.11.2025 alleged liability under GST on total collections of ₹2,10,60,000. The Adjudicating Authority confirmed demand of: Tax: ₹37,90,000, and Interest: ₹5,90,000 and penalty for period 2024-25.

First appeal was dismissed without appreciating: Doctrine of mutuality, Constitutional challenge to Section 7(1)(aa), Incorrect valuation.

Nature of collections by Society :-

Society Charging Rs.27,000/- per member for three bed room flats, and charging Rs. 45,000/- per member for pent Houses. These charges are **inclusive of several services provided by Society** to its members in form of Property Tax Reimbursement, water charges collected from members, Electricity administrative charges, maintenance charges, Penalties for delayed payment, Interest for delay maintenance, late payment fees and many other charges.

Proceedings chronology :-

a) Investigation & SCN Stage

SCN issued u/s 74: 11.11.2025 ,

Allegations:

Suppression of facts, Failure to register u/s 22, GST @18% applicable,
Aggregate turnover exceeds ₹20 lakh & ₹7,500/member threshold.

Demand proposed: Tax + interest + penalty + prosecution.

b) Adjudication Stage

- **Order dated: 28.11.2025**
- Key findings:
 - **Section 7(1)(aa)** overrides mutuality
 - RWA services = taxable supply
 - All collections includible u/s 15(2)
- Demand confirmed:
 - Tax: ₹37,90,000
 - Interest: ₹5,90,000
 - Penalty: Separate proceedings

c) First Appeal (u/s 107)

- Filed before Joint Commissioner (Appeals)
- Pre-deposit: **₹3,79,000 (10%)**
- Key arguments taken:
 - Mutuality doctrine
 - Pending exemption request to PMO

Reliance on **Indian Medical Association (Kerala HC)**

Appeal Order

- **Order dated: 28.02.2026**
- Findings:
 - Kerala HC judgment **not binding**
 - Matter pending before Supreme Court
 - Section 7(1)(aa) valid and applicable
 - GST payable even if not collected

Result: Appeal Dismissed, **Decision against Taxpayer**

Now move our present Appeal to Hon'ble GSTAT Delhi Bench.

LIST OF EVENT DATES

Date	Event
01.04.2024	Society became functional
11.11.2025	SCN u/s 74 issued
28.11.2025	Adjudication order passed
28.02.2026	First appeal dismissed
19 .04.2026	Present appeal filed

2. Grounds of Appeal

Ground I: No Supply – Doctrine of Mutuality

The Appellant and its members are not distinct persons; hence no “supply”.

The principle of mutuality remains a valid constitutional doctrine.

Reliance is placed on:

- **Indian Medical Association vs UOI (Kerala HC)**
- Pre-GST jurisprudence including service tax rulings

Whether contributions collected by a society from its own members can be treated as “supply” in view of:

- Doctrine of mutuality
- Constitutional limitations
- Pending challenge to Section 7(1)(aa)

*It is settled law that **no person can supply to himself.***

Ground 2: Invalid Retrospective Amendment

- Section 7(1)(aa) ultra vires
- Reliance on Kerala HC Indian Medical Association (persuasive)

The retrospective amendment deeming supply is:

- Arbitrary
- Violative of Article 14 & 265
- Artificially **creates two persons.**

The issue is pending before the Hon’ble Supreme Court of India, hence requires **protective interpretation. Benefit of doubt must go to the taxpayer.**

Ground 3: Incorrect Valuation u/s 15

- Inclusion beyond Section 15
- Pure agent exclusion ignored
- Exclusion of reimbursements

Authorities erred in including:

- Property tax (statutory levy)- Society only collecting from members and passing it to concerned authorities.
- Electricity & water (pure agent- Rule 33)

Society here **act as pure agent** as:-

1. *Payment made **on behalf of member***
2. *No title in goods/ services*
3. *Actual amount recovered*
4. *No markup*

Brief of how society recovers such amounts- Electricity, Water, Property Taxes etc.

The Appellant (Society) maintains common areas.

Utility/statutory dues are **levied by third-party authorities**.

The Society **collects from members at actuals** and **remits back-to-back**.

No markup, no retention, no income recognition.

Society is merely a conduit, pure agent transactions must be excluded from value.

- ✓ **Electricity billed per usage**
- ✓ **Water charges recovered actuals**
- ✓ **No profit element**

- Penalties/interest (As there is a question on Supply)

No bifurcation done → entire demand vitiated.

Component	Appellant view on Valuation
Property tax	Statutory levy → outside scope
Electricity/water charges	Pure agent (Rule 33)
Penalties	As there is a question on Supply
Reimbursements	No value addition

See Annexure Enclosed

Valuation cannot be stretched to tax what is never a supply.

It's settled in law that-

- Statutory levies do not form part of consideration
- Pure agent transactions are excludible under Rule 33
- Interest/penalties cant be levied as supply is under doubt.
- Non taxable elements should be outside scope of supply.
- And further it cant be consider in composite services as natural bundled and in course of business is missing.

So matter requires re-computation.

Ground 4: Wrong Invocation of Sec 74

- Section 74 wrongly invoked
- Bona fide belief

Taxabilities arises from statute, not collection,

For penalties provisions it requires mens rea, and further interpretationa l issues are not amount to suppression.

No suppression or fraud:

- All transactions through banking channels
- Full records maintained
- Issue is interpretational

Demand, if any, falls under **Section 73 only**.

Ground 5: Excessive Demand & Arbitrary

- Wrong computation
- No segregation of taxable/non-taxable components

Threshold exemption of ₹7,500/member not examined.

No verification of:

- Member-wise contribution
- Taxable vs non-taxable components

The Appellant is a **non-profit body** maintaining essential services, Imposing retrospective GST causes **unjust enrichment to states, & further leads to double burden of residents of society.**

3. Questions of Law?

- a) Whether transactions between an association and its members constitute “supply”?
- b) Whether retrospective insertion of Section 7(1)(aa) is constitutionally valid?
- c) Whether reimbursements and statutory levies form part of taxable value?
- d) Whether Section 74 invocation is legally sustainable?

4. Prayer

- a) Set aside the impugned order dated 28.02.2026;
- b) Drop the demand of tax, interest and penalty;
- c) Alternatively, remand back for fresh adjudication;
- d) Re-computation of demand by excluding pure agent/ reimbursement amount.
- e) Grant stay on Recovery
- f) Any other relief deemed fit.

SHOW CAUSE NOTICE ISSUED

BEFORE THE PROPER OFFICER, ZONE VIII, DGST DEPARTMENT, NEW DELHI

AK RESIDENTIAL SOCIETY

PATPAR GANJ

EAST DELHI

NEW DELHI

UNREGISTERED

DIN NO., XXX

11.11.2025

SHOW CAUSE NOTICE UNDER SECTION 74 OF THE DGST ACT READ WITH CGST ACT AND RULES FOR THE TAX PERIOD 1.4.24 -2025

Secretary, AK Residential Society, Delhi

WHEREAS I have information in my possession that your society became functional on 1.4.24 and many of your allottees started living there. You obtained OC in the month of February 2024.

WHEREAS I have information and details that your society is a luxurious society having 3 bed room flats and above with many pan houses.

You are collecting from your members the following

1. Property tax reimbursement
2. Water charges collected from members (if part of composite supply)
3. Electricity administrative charges
4. Local body fees
5. Sewage charges
6. Security agency charges
7. Housekeeping charges
8. Lift maintenance
9. DG set fuel
10. Common area electricity
11. Water tanker charges
12. Late payment administrative fees
13. Documentation charges
14. Access card fees
15. Parking sticker charges
16. Interest for delayed maintenance charges
17. Late payment fees
18. Penalties for delayed payment

WHEREAS my inquiries from your members living there reveal that on an average you are charging Rs 27000- per member as various charges for a three bed room apartment. And for a Pant House these charges are 45000/- per pant house. There are total 45 three bed room apartments and 12 pant houses in your Society s per approved map obtained from the competent authority and from the Director Cooperative Housing Society.

You are well aware about the GST Rules regarding registration and tax payments.

In view of the above you are requested to show cause:

- 1) Why did you not obtain registration under the provisions of DGST Act as there is no exemption to your society in any other law and the charges that you have collected are much more the exemption limit; i.e. Rs 20 lakhs per year or less than 7500/- per member.
- 2) Why should tax at the rate of 18 percent be not recovered from you on total sum collected of Rs 2,10,60,000/- with interest and penalty for wilfully suppressing the facts with an intent to evade taxes. This is a clear case of suppression, fraudulent intention to not to pay taxes as per law.
- 3) Why should your office bearers be not prosecuted along with your society under the provisions of law for such a wilful and fraudulent suppression of facts to evade taxes legally payable and recoverable.

You should bring books of accounts, bank statements and agreement with Members on 27.11.25 when your reply should also be filed . Personal hearing is also granted on the same date.

You are required to reply to this show cause notice within the time as above failing which appropriate proceedings, both civil and criminal, may be initiated against you without any further notice to you.

PROPER OFFICER, ZONE VIII
DIGITALLY SIGNED.

Reply made AGAINST SCN

BEFORE THE ASSISTANT COMMISSIONER, ZONE 8, DELHI GST DEPARTMENT,
ITO, DELHI

Date: 27.11.2025

AK Residential Society

Patparganj

East Delhi

GSTN- URP

**Reply to SCN Issued dated 11.11.2025 u/s 74 of DGST Act Read with CGST Act
and Rules for Tax Period 2024-2025**

Sir,

In Reference to above SCN we wish to submit as under:-

Regarding No Registration taken under GST by society as alleged in point no. 1 of
SCN:-

Society has written to Ministry of Finance for exemption from GST and our case is
pending for disposal. All society members are retired senior officers of ARMY and there
is no private member living there, On basis of legal advice they have approached PMO
for seeking exemption that is still under consideration as on date.

Regarding Question on how the sum of Rs.85,00,000 collected as per bank statement
produced by him:

Submitted hereby as follows that all the security money given by members is held
back and not being used for any purpose. And further no invoices have been issued by
society nor has GST been collected from its Members at all. No GST has been collected
on principle of mutuality

Prayer:-

1. Kindly drop the proceedings till final decision conveyed by PMO is received.
2. By applying principle of mutuality- GST has not been collected from members,
hence there is no GST Liability.
3. Recovery, Penalty and prosecution proceeding should be stayed.

For AK Residential society

Secretary/Authorised Signatory

ADJUDICATION ORDER

BEFORE THE PROPER OFFICER, ZONE VIII, DGST DEPARTMENT, NEW DELHI

AK RESIDENTIAL SOCIETY

PATPAR GANJ

EAST DELHI

NEW DELHI

UNREGISTERED

DIN NO., XXX

28.11.2025

Adjudication Order for the tax period 2024-25

SHOW CAUSE NOTICE UNDER SECTION 74 OF THE DGST ACT READ WITH CGST ACT AND RULES FOR THE TAX PERIOD 2024 -2025

The taxpayer was issued show cause notice on 11.11.25.

Present Shri Mayank Ahuja, CA with POA

Shri Mayank Ahuja has pleaded that the Society has written to the Ministry of Finance for exemption from GST and their case is pending for disposal. When questioned under what law – Shri. Mayank Ahuja has stated that the Society Members are all retired senior officers of Army and there is no private member living there. On the basis of legal advice they have approached PMO for seeking exemption that has not been yet refused. When further questioned as to how the money has been collected as per Bank Statements produced by him in the sum of Rs 85,00,000/-, he submitted that this is only a kind of security towards future tax payments should the exemption be not received. On this he also submitted that majority of the Members have not paid on the ground of exemption being pending with PMO. He vehemently argued that the Society has not issued any invoices nor collected an GST from its Members at all and all security money given by Members is held back and is not being used for any purpose. So far there are not major expenses incurred by the Society as it is just one year old. He has thus pleaded that the proceedings be kept in abeyance till final decision is conveyed by PMO in the matter. He further argued that no GST has been collected based on the principle of mutuality.

He has filed all the agreements and these also support the facts mentioned in the show cause notice which he also agrees. Bank statements, register of Members as also been filed.

I have heard Shri Mayank Ahuja, CA.

No legal provision has been shown to me under which registration proceedings could be kept in abeyance once the provision of Section 22 of the DGST Act are satisfied. Also no provision has been brought to my notice where tax collection could be kept in abeyance for want of approval of exemption from any competent authority.

In my considered view a pending petition with the PMO does not create any exemption under GST law. A petition or representation does not grant any exemption unless the GST Council or Government issues a notification. Until then, the society is treated as fully liable under the GST Act.

With the amendment in Section 7(aa) of CGST Act retrospectively the principal of mutuality has been obliterated from the law and hence this argument may not help the taxpayer.

RWAs must compute GST on the value of supply they provide to members. Section 15(2) specifies what MUST be included in this value.

As per Section 15(2) of the CGST Act, the RWA must include in the value of supply all reimbursements, incidental expenses, taxes (other than GST), interest, late fees, penalties, and subsidies linked to price. All such amounts form part of the composite supply of maintenance services and are liable to GST

Under the circumstances I order as follows:

The liability of the Society under GST is fixed w.e.f. 1.4.2024;

The tax liability is fixed on total sum of charges collectible or collected i.e. 2,10,60,000 at the rate of 18 percent i.e. 37,90,000/- with interest of Rs 5,90,000/-. Penalty proceedings shall be separately initiated.

The taxpayer is directed to pay the above amounts within 3 months from the date of this notice failing which recovery proceedings shall be initiated without any further notice.

PROPER OFFICER ZONE VIII

DIGITALLY SIGNED

FIRST APPELLATE AUTHORITY ORDER

**BEFORE THE JOINT COMMISSIONER (APPEALS) ZONE VIII, DGST DEPARTMENT,
NEW DELHI**

AK RESIDENTIAL SOCIETY

PATPAR GANJ

EAST DELHI

NEW DELHI

UNREGISTERED

DIN NO., XXX

28.2.2026

**Appeal Order under section 107(11) of the DGST Act 2017 for the tax period
2024-25 against the adjudication order passed by the Proper Officer Zone VIII
dated 28.11.25**

Present for the Appellant: Shri Mayank Ahuja, CA

Present for the REVENUE: SHRI S R DESAI AC AND DR

The appellant has filed an appeal under section 107(1) of the DGST Act read with Rules for the tax period 2024-25 against the adjudication order passed by the proper officer Zone VII creating a demand pf tax in the sum of Rs 37,90,000/- and interest of Rs 5,90,000/-/

The appellant has deposited a sum of Rs 3,79,000 through cash ledger as a pre-condition as per law for filing the appeal. The appellant was questioned as to why the appeal be not dismissed as the entire amount is the admitted and settled liability and Shri Mayank Ahuja has quoted a judgment of Kerala High Court in the case of Indian Medical Association (quoted below) and vehemently argued that there is not liability between the Members of the same Association .When confronted with the retrospective amendment in Section 7(aa) of the CGST Act, Shri Ahuja argued that the final view on this amendment has still to be taken by the apex court. Hence, his argument was that the appeal was maintainable with a pre-deposit of 10 percent. I have examined this issue and hold a prima facie view that the appeal could be maintained once the liability is disputed and the appellant is aggrieved with the order passed by the adjudication officer. This is the essence of Section 107(1)... the phrase that the

appellant must deposit 10 percent in addition to admitted tax liability interest or penalty or fine – presupposes that the appellant must admit. As the appellant has disputed these liabilities in my view it would be fair to afford an opportunity to the tax payer to dispute such determined liabilities and hence I entertain this appeal.

On merits Shri Mayank Ahuja has adopted the same arguments as per reply to show cause notice. Nothing new added nor any document brought on record except the judgment of Kerala High Court. Shir Ahuja has vehemently argued that the retrospective amendment in section 7(aa) of CGST Act has been done away with by the Kerala High Court. The court Alcuhas held as follows:

Indian Medical Association vs. Union of India (Kerala High Court, April 2025)

- The Kerala High Court **struck down the retrospective insertion of Section 7(1)(aa)** of the CGST Act.
- It held that **transactions between a members' association and its members do NOT constitute "supply"** under GST due to the **doctrine of mutuality**.

A copy of the judgment has been filed and is placed on record.

Shri Ahuja has forcefully argued that this judgment given in GST Regime is equally applicable to RWAs and hence the adjudication order be quashed as without jurisdiction as there is no liability of the taxpayer to pay any tax in terms of the above Judgment.

I have heard Shri Ahuja at length.

The case quoted is not relevant as this is not of Delhi High Court or of Supreme Court of India and has no para materia factual matrix. Further the *Indian Medical Association (IMA) Kerala High Court judgement* **has been challenged by the Union of India and is now pending before the Supreme Court**. The matter is **not final**, and GST liability on RWAs/associations remains legally unsettled until the Supreme Court decides.

In my view High Court judgments are not binding nationwide. Further the matter is in Supreme Court and once that is finalised the appellant may determined his rights. Moreover the appellant has collected these charges from majority of members and banked the same.

Under GST, **tax liability arises on a chargeable basis (i.e., when a taxable supply is made) — not** on the basis of whether tax was collected from the recipient. Even if the supplier fails to collect GST, the liability to pay GST to the Government **still exists**. It is a settled law that **tax liability arises from the charging section**, not from collection. The Courts have clarified that **tax must be paid even if not collected**, because the obligation is statutory.

In my view if an RWA is liable for GST (i.e., contribution >₹7,500 per member AND turnover >₹20 lakh):

- GST becomes payable **from the date liability arises**, not from the date tax is collected.
- Even if the society **did not collect GST from members**, it must still: Pay GST to the Government

In view of the above the appeal has no merits and the same is dismissed.

JOINT COMMISSIONER (APPEALS) VIII

DIGITALLY SIGNED.

STATUTORY PROVISIONS

Applicable provisions which is relevant in above case

*Sec 2(17)(e) of CGST Act 2017,

Sec 2(17) business includes-

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

e) provision by a club, association, or any such body (for a subscription or any other consideration) of facilities or benefits to its members.

Sec 7. Scope of supply

(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;

* **[(aa)** the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Explanation.—For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another.

* **inserted** w.r.e.f. 01.07.2017 vide The Finance Act, 2021 – Brought into force on 01.01.2022 vide Notf No. 39/ 2021-CT, dt. 21.12.2021. **Amended to neutralize Calcutta Club Verdict**

The Kerala HC declared the 2021 amendments (Section 7(1)(aa) and 2(17)(e) unconstitutional.

Sec 15. Value of taxable supply

(1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

(2) The value of supply shall include—

(a) **any taxes, duties, cess, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;**

(b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;

(c) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;

(d) interest or late fee or penalty for delayed payment of any consideration for any supply; and

(e) subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.

Explanation. —For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

(4) Where the value of the supply of goods or services or both cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed

Rule 31 of CGST Rules 2017

31. Residual method for determination of value of supply of goods or services or both Where the value of supply of goods or services or both cannot be determined under rules 27 to 30, the same shall be determined using reasonable means consistent with the principles and the general provisions of section 15 and the provisions of this Chapter: Provided that in the case of supply of services, the supplier may opt for this rule, ignoring rule 30.

Rule 33 of CGST Rules 2017

33. Value of supply of services in case of **pure agent** Notwithstanding anything contained in the provisions of this Chapter, the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply, if all the following conditions are satisfied, namely,-

(i) the supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorisation by such recipient;

(ii) the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and

(iii) the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.

Explanation.- For the purposes of this rule, the expression “pure agent” means a person who-

(a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;

(b) neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;

(c) does not use for his own interest such goods or services so procured; and

(d) receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.

Illustration: - Corporate services firm A is engaged to handle the legal work pertaining to the incorporation of Company B. Other than its service fees, A also recovers from B, registration fee and approval fee for the name of the company paid to the Registrar of Companies. The fees charged by the Registrar of Companies for the registration and approval of the name are compulsorily levied on B. A is merely acting as a pure agent in the payment of those fees. Therefore, A's recovery of such expenses is a disbursement and not part of the value of supply made by A to B.

Constitutional and statutory provisions.

Article 246A-

(1) Notwithstanding anything contained in articles 246 and 254, Parliament, and, subject to clause (2), the Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State.

(2) Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

Explanation.—The provisions of this article, shall, in respect of goods and services tax referred to in clause (5) of article 279A, take effect from the date recommended by the Goods and Services Tax Council.

Article 246A of the Indian Constitution, introduced by the 101st Amendment Act, 2016, provides special powers for the implementation of the Goods and Services Tax (GST). It authorizes both Parliament and State Legislatures to create laws for taxing the supply of goods and services. Parliament holds exclusive power for inter-state transactions

Article 366(12A)

“goods and services tax” means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption.

Article 265

Taxes not to be imposed save by authority of law

No tax shall be levied or collected except by authority of law.

2. In paragraph-23 of the aforesaid judgment, Section 2(17) (e) and Section 7(1)(aa) and the explanation appended thereto in the [CGST Act, 2017](#) and the provisions contained in [Section 2\(17\)\(e\)](#) and [Section 7\(1\)\(aa\)](#) and the explanation appended to the [KGST Act](#) were declared unconstitutional and void being ultra vires to the provisions of [Article 246A](#) read with [Article 366 \(12A\)](#) and [Article 265](#) of the Constitution of India.

2.1. The said judgment is assailed before the apex Court in SLP (C) No.18349-18350 of 2025 which came up for admission before the apex Court on 25th July, 2025 wherein the direction for issuance of the notice was passed. Simultaneously, the apex Court passed an interim order to the effect that there shall be no recovery of liability so far as the respondents are concerned. Subsequently, the direction was passed upon respondent No.1 i.e. Indian Medical Association to file counter affidavit and the matter is directed to be listed on 14th October, 2025.

3. The Indian Medical Association of the Odisha State Branch has challenged the somewhat identical and similar order passed by the competent authority taking into account not only the provisions which have been declared ultra vires by the Kerala High Court, but also the information received from the DGGI of Kochi Zonal Unit.

4. Since the matter is sub judice before the apex Court and an interim protection to the Kerala State unit of the Indian Medical Association has already been granted, we do not find any justification in not extending the same benefit to this State branch.

5. We, therefore, pass an interim order that there shall be no recovery of the liability so far as the writ petitioner is concerned until further order.

(Harish Tandon) Chief Justice (M.S. Raman) Judge S.K. Guin/PA Location: High Court of Orissa, Cuttack Date: 18-Sep-2025 12:28:15

Brief Facts:

The Indian Medical Association, Kerala State Branch (“**IMA Kerala**” or “**Petitioner**”) is a registered society and the State unit of the Indian Medical Association. The Petitioner operates multiple schemes exclusively for the benefit of its member-doctors, including social security schemes, disability support schemes, professional protection schemes, hospital protection schemes, health schemes, etc. Under these schemes, members contribute admission fees, annual subscriptions, and other scheme-specific contributions, which are pooled and utilised to provide financial assistance, legal support, health-related benefits, pensionary benefits, or aid in the event of death, disability, illness, or litigation. Each scheme is administered separately, has independent accounts, and is governed by its own bye-laws and managing committee.

The Petitioner had obtained GST registration and was subject to coercive action by the tax authorities, including recovery proceedings, pursuant to a summons issued by the Directorate General of GST Intelligence seeking details of its GST registration, audited accounts, and financial records for the period 2017-18 to 2021-22. The apprehended

tax demand related to services allegedly rendered by the Petitioner to its members under the aforesaid schemes.

Under the GST regime as initially enacted, transactions between a club or association and its members were outside the scope of GST on the basis of the mutuality principle, as recognised by judicial precedent. This position was altered by the Finance Act, 2021, which retrospectively amended the CGST Act and the Kerala SGST Act with effect from 1 July 2017 by inserting Section 7(1) (aa) along with an Explanation and amending Section 2(17)(e). **The amendments introduced deeming provisions treating activities or transactions between a club or association and its members, for consideration, as taxable supplies for the purposes of the levy of GST.** After the introduction of these amendments and the initiation of proceedings, the constitutional validity of the amended provisions, and whether the amendments impermissibly sought to tax transactions that did not constitute “supply” under the Constitution with retrospective operation, were examined before the Kerala High Court.

A learned Single Judge of the Kerala High Court partly allowed the writ petition by striking down the retrospective operation of the amendments, while upholding their substantive validity. Aggrieved by the decision, both the Petitioner and the tax authorities filed writ appeals before the Division Bench.

Issues for Consideration:

1. Whether the amendments introduced by the Finance Act, 2021, to Section 2(17)(e) and Section 7(1)(aa) of the CGST Act and KGST Act, deeming supplies by clubs or associations to their members as taxable supplies, are constitutionally valid?
2. Whether, under the constitutional framework governing GST, the concept of “supply” permits taxation of transactions between a club or association and its members, notwithstanding the principle of mutuality?
3. Whether the retrospective operation of the impugned amendments with effect from 1 July 2017 is constitutionally permissible?

Judgement:

The Division Bench of the Kerala High Court allowed the Petitioner’s writ appeals and dismissed the appeals filed by the tax authorities, holding that the impugned amendments were unconstitutional in their entirety. The Court held that GST, as envisaged under Article 246A read with Article 366(12A) of the Constitution, is a tax on the supply of goods or services or both, and that the **concepts of “supply” and “service” inherently require the existence of two distinct persons, namely a supplier and a recipient. Transactions involving self-supply or self-service are not contemplated under the constitutional scheme.** The Court noted that while the 46th Constitutional Amendment had introduced a deeming fiction under Article 366(29A) to treat certain transactions as “sales” for the purposes of sales tax, no corresponding constitutional amendment had been enacted in the

context of GST to deem supplies between clubs and their members as taxable supplies.

The impugned amendments, according to the Court, merely sought to expand the statutory definition of “supply” without amending the constitutional definition of GST or the concept of “service”. In the absence of a constitutional deeming provision, **Parliament could not, by way of a statutory amendment, enlarge the scope of “supply” to include transactions that constitutionally do not amount to a supply. The Court relied heavily on the doctrine of mutuality, as recognised and affirmed by the Supreme Court in *State of West Bengal v. Calcutta Club Ltd.*, and held that the principle continued to apply even after the introduction of GST. Since the identity between the club and its members remained intact, there could be no taxable supply of services between them.**

On this basis, the Court held that Section 2(17)(e) and Section 7(1) (aa) of the CGST Act and KGST Act, along with the Explanation thereto, failed the test of constitutional validity and were ultra vires Articles 246A, 366(12A), and 265 of the Constitution of India. In view of this conclusion, the Court did not find it necessary to separately sustain the amendments, even prospectively, and held them unconstitutional and arbitrary. The judgment of the Division Bench of the Kerala High Court has since been carried in appeal, and the issues arising from the decision are currently pending consideration before the Supreme Court of India.

**BEFORE THE HON'BLE GST APPELLATE TRIBUNAL, DELHI BENCH, DELHI
Appeal No.....of 2026)**

IN THE MATTER OF:

AK Residential Society GSTIN No.:
URP.....APPELLANT

VERUS

ASSISTANT COMMISSIONER, ZONE 8, DELHI GST DEPARTMENT, ITO,
DELHI.....RESPONDENT

APPLICATION FOR ADMISSION OF ADDITIONAL EVIDENCE

MOST RESPECTFULLY SHOWETH:

1. That the Appellant has filed the present appeal against the Order of First Appellate Authority dated April 19th, 2026.
2. That during the course of the proceedings before the lower authorities, the following Documents/evidences could not be produced due to bona fide reasons:

- 1) Members Maintenance Agreement/Bye Laws of AK Residential Society
- 2) Master Affidavit by Society Authorized signatory (On Stamp paper- Rs.100)
- 3) Member declaration format (On Stamp paper- Rs.100)
- 4) Electricity and water Arrangement
- 5) Property Tax and Municipal charges documentation
- 6) Vendor Contracts (Security, Housekeeping) (On Stamp paper-Rs.100)
- 7) Invoice/Billing formats to members
- 8) Property Tax Reimbursements
- 9) Member wise Allocation Sheet & Reconciliation Statement

3. That the non-production of the above-mentioned documents before the lower authorities was neither wilful nor deliberate but either due to non-availability of documents at that time or due to medical emergency and staff transition.

4. That the said documents are material and relevant for the proper adjudication of the matter and are necessary to arrive at a just and fair decision in the interest of justice.

PRAYER

In view of the above, it is most respectfully prayed that this Hon'ble Tribunal may graciously be pleased

to:

- a) Admit the additional evidence/documents annexed herewith;
- b) Pass any other order(s) as this Hon'ble Tribunal may deem fit and proper in the interest of justice.

AND FOR THIS ACT OF KINDNESS, THE APPELLANT AS IN DUTY BOUND SHALL EVER PRAY.

FOR AK Residential Society

Mr. ABC
Secretary- Authorized Signatory

Place: Delhi

Date: April 19, 2026

Enclosures-

All above documents- contracts/agreements/affidavit mentioned

ANNEXURE - A**AK RESIDENTIAL SOCIETY****Patparganj, East Delhi****MEMBERS MAINTENANCE AGREEMENT / BYE-LAWS***(₹100 Stamp Paper)***MAINTENANCE AGREEMENT**

This Agreement is made on ___ day of _____ 20__ on ₹100 stamp paper

Between

AK Residential Society

And

[Member Name], Owner of Unit No. ____

1. PREAMBLE

This Agreement is executed between **AK Residential Society (“Society”)** and its members/occupants for the purpose of managing, maintaining, and administering common areas and shared services within the residential complex.

The Society functions as a **collective body of members** and not as a commercial service provider.

2. DEFINITIONS

- **Member:** Owner/occupant of a unit in the Society
- **Common Areas:** Staircases, lifts, corridors, parking, gardens, security infrastructure, etc.
- **Maintenance Charges:** Contributions collected for upkeep of common areas
- **Statutory/Utility Charges:** Electricity, water, municipal taxes, etc.

3. OBJECTIVE OF SOCIETY

The primary objective of the Society is:

- To maintain and preserve **common areas and facilities**
- To ensure smooth functioning of shared infrastructure
- To act as a coordinating body for members

The Society shall not engage in any commercial or profit-oriented activity and shall function strictly as a facilitator for collective maintenance purposes.

4. SCOPE OF SERVICES

The services of the Society are strictly limited to maintenance and upkeep of common areas and common facilities and facilitation of utility/statutory payments.

This includes:

- Security services
- Housekeeping of common areas
- Lift maintenance
- Gardening
- Lighting of common areas

✕ The Society shall **not provide individual or personalized services** to members.

5. RECOVERY OF CHARGES

5.1 Maintenance Charges

- Members shall contribute proportionately towards common expenses.

All charges collected by the Society shall be strictly on actual cost basis, without any markup, profit element, or commercial consideration.

5.2 Utility / Statutory Charges

The Society acts purely as a representative/agent of members for the limited purpose of collection and payment of statutory dues and utility charges such as electricity, water, municipal taxes, etc.

- Such amounts are:
 - Collected from members
 - Paid to respective authorities without alteration
 - Not retained by the Society

These recoveries shall not constitute income or consideration for supply by the Society.

6. ACCOUNTING & TRANSPARENCY

- Separate accounting shall be maintained for:
 - Maintenance expenses
 - Utility/statutory recoveries

Amounts collected towards utilities/statutory dues shall be accounted for separately and treated as reimbursements on behalf of members.

7. NO COMMERCIAL INTENT

The Society does not render any taxable supply to members in a commercial sense and operates on the principle of mutuality.

8. APPLICATION OF FUNDS

- Funds collected shall be used only for:
 - Common maintenance
 - Payment to vendors
 - Statutory liabilities

×No surplus distribution as profit

9. MEMBER OBLIGATIONS

- Timely payment of dues
- Compliance with Society rules
- Cooperation in maintenance activities

10. GOVERNING LAW

This Agreement shall be governed by:

- Applicable State Apartment Ownership / Society Laws

11. DISPUTE RESOLUTION

- Disputes shall be resolved internally first
- Failing which, through arbitration or competent authority

12. AMENDMENT

The Society may amend these bye-laws by majority approval of members.

ANNEXURE- B

MASTER AFFIDAVIT (BY SOCIETY AUTHORISED SIGNATORY)

BEFORE THE HON'BLE [AUTHORITY / GSTAT]

IN THE MATTER OF: AK Residential Society
AFFIDAVIT ON BEHALF OF SOCIETY

I, **[Name]**, S/o **[•]**, aged **[•]** years, residing at **[•]**, being the **Authorised Signatory/President/Secretary** of AK Residential Society, do hereby solemnly affirm:

1. STATUS OF SOCIETY

1. The Society is a collective body of members formed for maintenance of common areas.
2. It does not carry on any business or commercial activity.

2. LIMITED SCOPE OF SERVICES

It is affirmed that:

- The Society's activities are strictly confined to **maintenance of common areas and common facilities**.
- No individual or customized services are provided to members.

3. COLLECTION OF MAINTENANCE CHARGES

- Maintenance contributions are collected only to meet actual expenses.

DECLARATION:

All such collections are on actual cost basis without any markup, margin, or profit element.

4. PURE AGENT FUNCTION – UTILITIES / STATUTORY DUES

It is specifically affirmed that:

- The Society **acts purely as a representative/agent of members** for collection and payment of:
 - Electricity charges
 - Water charges
 - Municipal taxes
 - Other statutory dues
- Such amounts are:
 - Collected from members

- Paid to respective authorities **without any alteration**
- Not retained as income of the Society

5. ACCOUNTING TREATMENT

- Separate books/ledgers are maintained for:
 - Maintenance expenses
 - Utility/statutory recoveries

DECLARATION:

Amounts collected towards utilities are treated strictly as reimbursements and not as consideration for any supply.

6. NO COMMERCIAL CONSIDERATION

- The Society does not charge any consideration for facilitating payment of utility/statutory dues.
- There is **no value addition or independent supply** involved.

7. PRINCIPLE OF MUTUALITY

- The Society operates on mutuality basis where contributors and beneficiaries are identical.

8. COMPLIANCE WITH GST LAW

- The Society's functioning aligns with the concept of Pure Agent under Rule 33 of **Central Goods and Services Tax Rules, 2017**

9. VERIFICATION

I solemnly affirm that the above statements are true and correct to the best of my knowledge and belief.

DEPONENT

[Signature]

[Name]

[Designation]

[Date]

ANNEXURE- C

MEMBER DECLARATION (INDIVIDUAL UNIT OWNER)

(₹100 Stamp Paper + Notarized)

AFFIDAVIT / DECLARATION BY MEMBER

I, [**Member Name**], owner/occupant of Unit No. [•] in AK Residential Society, do hereby declare:

1. APPOINTMENT OF SOCIETY AS AGENT

I hereby authorise the Society to act as my representative/agent solely for the purpose of:

- Payment of electricity charges
- Payment of water charges
- Payment of municipal/statutory dues

2. REIMBURSEMENT NATURE

I confirm that:

- Amounts paid by me towards such charges are **pure reimbursements**
- The Society does not charge any markup or service fee on these amounts

3. NO SERVICE RELATIONSHIP

- The Society does not provide any independent service in respect of these payments
- It only facilitates payment on my behalf

4. MAINTENANCE VS UTILITIES

I clearly understand and agree that:

- Maintenance charges relate only to common area upkeep
- Utility/statutory payments are separate and paid on actual basis

5. CONSENT FOR ACCOUNTING TREATMENT

- I consent that such reimbursements shall not be treated as consideration for supply under GST

6. DECLARATION

I affirm that this declaration is given voluntarily and shall be used for legal/tax purposes.

MEMBER SIGNATURE

[Name]

[Unit No.]

[Date]

ANNEXURE-D

ELECTRICITY & WATER ARRANGEMENT (BYE-LAWS / AGREEMENT CLAUSE)

1. PURPOSE

This clause governs the collection, allocation, and payment of electricity and water charges within AK Residential Society.

The Society shall act solely as a facilitator/representative of members for electricity and water payments and shall not undertake any independent supply of such utilities.

2. METERING / ALLOCATION MECHANISM

2.1 Individual Metering (Where Available)

- Each unit shall be billed based on **actual consumption recorded in individual meters** installed for such unit.

Billing shall strictly correspond to the units consumed as per meter readings without any estimation or loading.

2.2 Allocation Basis (Where Individual Meter Not Available)

In cases where individual metering is not feasible:

- Consumption shall be allocated on a **scientific and documented basis**, such as:
 - Sub-meter readings
 - Proportionate area (super/built-up)
 - Number of occupants
 - Standard consumption ratios approved by the Society

Such allocation methodology shall be transparent, consistently applied, and approved by members through resolution.

3. BACK-TO-BACK RECOVERY (NO MARKUP)

The Society shall collect electricity and water charges strictly on actual consumption and shall remit the same to the respective utility/vendor on a back-to-back basis without any markup, commission, surcharge, or profit element.

- No administrative fee shall be embedded in such recovery
- No rounding-off or artificial inflation permitted

4. BILLING MECHANISM

Bills raised on members shall clearly reflect:

- Actual units consumed / allocated
- Rate as per utility provider
- Exact amount payable

Further:

- Bills shall be **traceable to underlying vendor invoices**
- Supporting documents (DISCOM / water authority bills) shall be available for inspection

5. SEPARATE ACCOUNTING TREATMENT

Electricity and water recoveries shall be recorded separately in the books of the Society and shall not be treated as income or consideration for any supply.

- Maintained under “**Reimbursement / Payable Account**”
- Fully reconcilable with vendor payments

6. NO VALUE ADDITION / NO SUPPLY

The Society does not provide any independent service in relation to electricity/water and merely facilitates payment on behalf of members without any value addition.

7. MEMBER ACKNOWLEDGEMENT

- Members agree that:
 - Payments are **pure reimbursements**
 - Society acts only as **collecting agent**
 - No commercial consideration exists

8. COMPLIANCE POSITION

This arrangement is structured in line with **Pure Agent principles** under:

- **Central Goods and Services Tax Rules, 2017**

PROPERTY TAX / MUNICIPAL CHARGES – DOCUMENTATION & CLAUSE SET

(AK Residential Society)

1. GOVERNING CLAUSE (BYE-LAWS / AGREEMENT INSERT)

The Society is merely a collecting conduit for statutory levies and acts as a representative of members for payment of property tax and municipal charges.

- The liability to pay such taxes **vests with individual members/units.**
- The Society only facilitates **collection and remittance.**

2. BACK-TO-BACK RECOVERY (NO RETENTION)

All property tax / municipal charges shall be recovered from members strictly on actual basis and remitted to the concerned authority without any retention, markup, or value addition.

- No portion shall be treated as income
- No administrative fee embedded in such recovery

3. DOCUMENTARY EVIDENCE FRAMEWORK

3.1 MUNICIPAL BILLS (PRIMARY EVIDENCE)

Maintain and produce:

- Original / downloaded bills issued by Municipal Authority
- Demand notices / assessment orders
- Payment challans / receipts

Reference authority example:

- Municipal Corporation of Delhi

Bills must clearly show that the levy originates from the statutory authority and not from the Society.

3.2 MEMBER-WISE APPORTIONMENT WORKING

Prepare a **transparent allocation sheet:**

Format:

Unit No.	Member Name	Basis (Area/Rateable Value)	Tax Amount

Apportionment shall be done on a rational, consistent, and pre-approved basis such as:

- Super/built-up area
- Rateable value
- Municipal assessment ratio
- Approved via Society resolution
- Consistently applied year-on-year

3.3 NO RETENTION / PASS-THROUGH PROOF

Maintain:

- Bank statements showing **collection** → **immediate remittance**
- Ledger extract:

Property Tax Payable A/c

- Credit: Member collections
- Debit: Payment to authority

]

Closing balance should be NIL or reconcilable (timing difference only), establishing zero retention.

4. BILLING TO MEMBERS (DOCUMENT FORMAT)

Each member communication/invoice should clearly state:

- “Property Tax recovered on behalf of Municipal Authority”
- “Recovered on actual basis – no markup”
- “Society acts as collecting agent only”

Include:

- Reference to municipal bill number
- Period of levy
- Basis of apportionment

5. ACCOUNTING TREATMENT

Amounts collected towards property tax shall be treated as liability/reimbursement and not as income or consideration for any supply.

- Reflected under:
 - “Statutory Dues Payable”
- Not routed through P&L as revenue

6. DECLARATORY STATEMENT (FOR RECORDS / LITIGATION)

CERTIFICATION BY SOCIETY

It is certified that:

- Property tax / municipal charges collected from members are **statutory levies imposed by the Municipal Authority**
- The Society **does not retain any portion** of such collections
- The Society merely facilitates **collection and remittance on behalf of members**
- There is **no element of service, supply, or consideration** involved

ANNEXURE-E

VENDOR SERVICE AGREEMENT (SECURITY / HOUSEKEEPING)

(₹100 Stamp Paper)

SERVICE AGREEMENT

This Agreement is made on this 24th day of April, 2024 on non-judicial stamp paper of ₹100.

1. PARTIES

This Agreement is executed between:

- **AK Residential Society** (“Society”), through its authorised signatory; and
- **[Vendor Name]** (“Vendor”), a service provider engaged in security/housekeeping services.

The Society is the sole contracting party with the Vendor. Members are not parties to this Agreement.

2. OBJECT & SCOPE

The Vendor shall provide **security / housekeeping services exclusively for common areas** of the Society premises.

Services are strictly limited to common areas and facilities such as entrances, lobbies, corridors, lifts, parking, gardens, and other shared infrastructure.

×No services shall be rendered inside individual residential units.

3. NATURE OF SERVICES (ACTUAL “SUPPLY” IDENTIFIED)

- Deployment of security guards / housekeeping staff
- Cleaning and upkeep of common areas
- Monitoring entry/exit points (for security)
- Waste collection from designated common points

The Vendor provides services to the Society, and the Society is the recipient of such services.

4. CONSIDERATION & PAYMENT

- The Society shall pay the Vendor **agreed contractual charges** as per invoice.
- Payments shall be subject to applicable taxes under **Central Goods and Services Tax Act, 2017**

The Vendor shall raise invoices on the Society only, and not on individual members.

5. NO DIRECT MEMBER RELATIONSHIP

The Vendor shall have no contractual or service relationship with individual members. All obligations are owed solely to the Society.

- Members cannot directly instruct Vendor staff
- Any directions shall flow through Society management

6. SUPERVISION & CONTROL

- The Society shall supervise performance standards
- Vendor remains employer of deployed personnel

7. SERVICE LIMITATION

The services procured under this Agreement pertain only to maintenance and upkeep of common areas and do not constitute provision of services to individual members.

8. LIABILITY & COMPLIANCE

- Vendor responsible for labour law compliance
- Society not liable for employment obligations of Vendor

9. TERM & TERMINATION

- Agreement valid for [•] months
- Terminable with [•] days' notice

10. INDEMNITY

Vendor shall indemnify Society against:

- Non-compliance with statutory laws
- Employee claims
- Negligence in service delivery

11. DISPUTE RESOLUTION

- Mutual resolution → Arbitration → Jurisdiction [Delhi]

12. DOCUMENTATION & RECORDS

- Vendor invoices
- Attendance sheets / deployment logs
- Work completion records

All documentation shall establish that services are rendered to the Society for common area maintenance.

ANNEXURE-F**MEMBER INVOICE / BILLING FORMAT****Invoice No.:** _____**Date:** _____**Billing Period:** _____**Member Name:** _____**Unit No.:** _____**BILL SUMMARY**

Component	Basis	Amount (₹)	Applicable
Maintenance Charges	Common area upkeep	_____	<input checked="" type="checkbox"/>
Electricity Charges	Actual consumption (meter/sub-meter)	_____	<input checked="" type="checkbox"/>
Water Charges	Actual / allocated basis	_____	<input checked="" type="checkbox"/>
Property Tax / Municipal Charges	Statutory levy (apportioned)	_____	<input checked="" type="checkbox"/>
Penalties / Late Fees (if any)	As per bye-laws	_____	<input checked="" type="checkbox"/>

TOTAL PAYABLE**Total Amount (₹):** _____**FOR AK RESIDENTIAL SOCIETY**

ANNEXURE-G

DETAILED DISCLOSURES (For AK Residential society to its members)

1. Maintenance Charges

- Towards upkeep of **common areas and facilities only**
- Includes security, housekeeping, lift maintenance, etc.

2. Electricity Charges

Recovered strictly on actual consumption basis as per meter/sub-meter readings. The Society acts as a collecting agent and remits the amount to the utility provider without any markup.

- Units Consumed: _____
- Rate: _____
- Vendor Ref: _____

3. Water Charges

Recovered on actual / scientifically allocated basis and remitted to the concerned authority/vendor without any markup.

- Basis: Meter / Allocation
- Supporting Ref: _____

4. Property Tax / Municipal Charges

Statutory levy imposed by municipal authority and recovered on behalf of members. The Society is merely a collecting conduit and does not retain any portion.

- Bill Ref No.: _____
- Period: _____

Reference Authority:

- Municipal Corporation of Delhi

5. Penalties / Late Fees

- Levied only for delay/non-compliance as per bye-laws
- Not linked to any supply of service

Annexure-H

Member-wise Allocation Sheet (Society → Members)

Month- Feb
2025

Unit	Area (sq.ft.)	Allocation Basis	% Share	Electricity ₹	Water ₹	Property Tax ₹	Total
A-101	1200	Area	5.00%	1,500	600	2,000	4,100
A-102	1500	Area	6.25%	1,875	750	2,500	5,125
A-103	1300	Area	5.00%	1670	700	2200	4,570

Different Meters are placed in society from different flat members

Reconciliation**“₹ Collected vs ₹ Paid” Statement Feb- 2025**

Particulars	Electricity ₹	Water ₹	Property Tax ₹
Opening Balance	0	0	0
Collected from Members	1,00,000	40,000	2,00,000
Paid to Authority	(1,00,000)	-40,000	(2,00,000)
Balance	0	0	0

**BEFORE THE HON'BLE GST APPELLATE TRIBUNAL, DELHI BENCH, DELHI
Appeal No.....of 2026)**

IN THE MATTER OF:

AK Residential Society GSTIN No.:
URP.....APPELLANT

VERUS

ASSISTANT COMMISSIONER, ZONE 8, DELHI GST DEPARTMENT, ITO,
DELHI.....RESPONDENT

**APPLICATION FOR GRANT OF STAY ON RECOVERY OF AMOUNT & OTHER
PROCEEDINGS LIKE PENALTY AND PROSECUTIONS**

MOST RESPECTFULLY SHOWETH:

1. That the Appellant has filed the accompanying Appeal before this Hon'ble Tribunal against the Order dated February 28th, 2026 passed by the Assistant Commissioner, Zone 8, Delhi GST Department whereby department alleges that there is No gst registration taken by society, and GST becomes payable from date of liability arises, even though GST not collected from members still GST need to pay to government and invocation of sec 74.
2. That the impugned order has been passed is ex-facie illegal, arbitrary and contrary to the settled principles of law as our tax period belongs to FY 2024-25 and order passed under se 74 is wrong, due to amended law for Tax period 2024-25 order under **Sec 74A** should be passed not Sec 74 which makes **proceedings invalid**. There is a **lack of jursidiction** in the SHOW CAUSE NOTICE issued by respondents since beginning.
3. That the Appellant has a strong prima facie case and the balance of convenience lies in its favour. The Appeal is likely to succeed.
4. That no prejudice would be caused to the Revenue if the stay as prayed for is granted till the disposal of the Appeal as similar matter is pending in Supreme court also.

PRAYER

In view of the foregoing, it is most respectfully prayed that this Hon'ble Tribunal may kindly be pleased to:

- (a) Stay on any kind of recovery, penalty, prosecution by department on Society and

(b) Pass any other order(s) as may be deemed just and proper in the facts and circumstances of the case.

**AND FOR THIS ACT OF KINDNESS, THE APPELLANT AS IN DUTY BOUND SHALL
EVER PRAY.**

POWER OF ATTORNEY

I, **Mr. ABC**, Secretary and Authorized Signatory of **AK Residential Society**, having GSTIN- URP, do hereby nominate, constitute, appoint and authorize **M/s Mayank Ahuja and Associates, Chartered Accountants**,

CA. Mayank Ahuja, to be our lawful Attorney (hereinafter called the said Authorized Representatives), for representing, filing Appeals and hearing before the **Hon'ble GST TRIBUNAL, DELHI BENCH, DELHI**, and to do, in accordance with our instructions, the following acts, deeds and things on our behalf namely:

a) to represent, plead, argue, act and move and file applications, petitions, appeals and claims before the Goods and Services Tax Authorities; and

b) to appear before the Hon'ble GST Tribunal, Delhi Bench, Delhi and any Commissioner/ Proper Officer as specified under Central Goods and Services Act, 2017, Delhi Goods and Services Act,

2017 and Integrated Goods and Services Act, 2017;

As our authorized representatives this power does not extend to

a) handling any of our assets or funds,

b) the payment of our tax obligations,

c) the receipt of tax refunds,

d) acting as signatory on our behalf, or

e) otherwise having liability for any of our obligations.

We hereby for ourselves agree to ratify and confirm all and whatsoever the said authorized

representatives shall legally do or purport to do or cause to be done for us by virtue of these presents.

IN WITNESS WHEREOF

we have signed this authorization at Delhi, on 29th day of April 2026.

For and on behalf of AK Residential Society

Mr. ABC

(Secretary & Authorized Signatory)

Date: April 19th April 2026

Place: Delhi

We accept:

Date: April 19th April 2026
Place: Delhi