



# INDIAN ACCOUNTING ASSOCIATION

17<sup>th</sup> October, 2024

## NOTICE

A meeting of the branch secretaries with IAA Office Bearers shall be held on 26<sup>th</sup> October, 2024 at 5 pm on online mode under the Chairmanship of Prof. Appa Rao, President IAA to discuss the following agenda items:

### Agenda

1. To apprise the Branch Secretaries about the IAA Centralised Accounting System Committee Report as approved by the Executive Committee in its online meeting held on 5th October, 2024 and discuss future course of action for the implementation of EC decision.
2. Any other item with permission of the chair.  
Online Google Meet Meeting Link:

<https://meet.google.com/cnq-bqrv-yaj>

All Office Bearers and Branch Secretaries are requested to kindly make it convenient to attend the meeting.

Sanjay Bhayani  
General Secretary

# **GHIYA LEGAL**

**PANKAJ GHIYA, Adv.**

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**ADVOCATES  
Chartered Accountants**

**ADVOCATES  
DEEPAK GARG  
PAWAN SHARMA  
MEENAL GHIYA**

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## **OPINION EXPARTE**

M/s. Indian Accounting Association. (hereinafter referred as the ‘**Queriest**’) has asked for an opinion on the following queries sent by them vide email dated 21.06.2024.

### **Discussion: -**

GST has been implemented w.e.f. 1<sup>st</sup> July, 2017 and many amendments had been carried in the CGST Act from time to time. The issue of getting registered under GST has been always a controversial issue and various professionals have different opinions on the same.

The issue of Registration and opinion on it requires that the relevant provisions have to be considered and accordingly we are annexing the relevant provisions as annexure to this opinion. The relevant provisions which have to be considered are as under:-

- a) “Person” in Section 2(84),
- b) “Consideration” in Section 2(31)
- c) “Business” in Section 2(17)

Apart from the relevant sections and the Rule mentioned in CGST Act and Rules it is also necessary to consider various circulars and notifications issued by the Government from time to time and therefore the relevant number, date of the notification would be mentioned in the opinion hereunder given.

### **Definitions under GST Act which attracts the taxability to societies**

**Section 2(84) “Person”** includes

a co-operative society registered under any law relating to co-operative societies or Society as defined under the Societies Registration Act, 1860.

**Sec 2(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.

**Sec 2(17) “Business”** includes

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;

A society (being a person as defined above) provides services to its member in the form of facilities or benefits to its member (in course of business) for a consideration. Hence based on above definition and concept of supply society also gets covered under GST.

## **Whether Association is liable for registration under GST?**

### **Threshold Limit:**

When the aggregate turnover of a Association in a financial year exceeds twenty lakh rupees, such Association become liable for Registration under GST as per Sec 22(1) of CGST Act. That means the collection of money by Association exceeds Rs 20 Lakhs per annum then the Association need to be Registered under GST.

It means that if the aggregate turnover (total receipts) of the Association which generally includes Annual Membership Fees and life membership fees from its members, receipts from investments, income receipts from advertisement board, registration fees, advances, contributions, receipt from seminars, workshops & etc, registration fees, etc. Association is liable to register if total of all the receipts (including exempted receipts) exceeds Rs. 20 Lakh in a financial year. This aggregate Turnover is the sum of taxable and non-taxable turnover of a PAN throughout India.

Thus Association who's Turnover (collection money) crosses Rs 20 Lakhs per annum become liable for Registration under GST and should charge GST (CGST + SGST) from its members.

### **Interstate Supply:**

If the Association engages in the supply of goods or services across state borders, GST registration is mandatory, regardless of the turnover.

### **Voluntary Registration:**

Association can also opt for voluntary GST registration, even if they do not meet the threshold requirements. This allows them to avail themselves of the benefits of being a registered taxpayer and claim input tax credits.

## **Rate of Tax**

The Association is liable to collect tax at the rate of 18% if the aggregate turnover exceeds 20 lakhs

## **Input Tax Credit (ITC) Allowed**

If the Association becomes liable to pay GST, it is allowed to take Input Tax Credit under Sec 16 (1) of CGST Act subject to conditions for taking input tax credit. Association is entitled to ITC in respect of taxes paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services – Lift AMC, Housekeeping, Security, Fire AMC, Repairs & Maintenance, Contract staff, Accounting & Auditing Services and other such services.

## **Applicability of Reverse Charge Mechanism**

Tax liability under Reverse Charge as defined under Sec 2(98) of CGST Act also applicable. That means tax shall be payable by the Association when supplies are received which are notified Services as per Sec 9(3) of CGST Act like services of Goods Transport Agency, Advocate Services etc and also supplies from Un-registered Person under Sec 9(4) of CGST Act. The Association can claim ITC on tax paid under RCM.

## **Whether Eligible for Composition Scheme?**

Association is not eligible for Composition Scheme.

## **Association's Audited Financial Report**

The Indian Accounts Associations has provided the audited financial statements for the year ended 31<sup>st</sup> March,2023 dated 25.09.2023 which includes Audit Report, Balance Sheet, Income and Expenditure Account and Receipt and Payment

Account. While referring the Receipt and Payment Account for the year ended 31<sup>st</sup> Marche 2023, it is seen that there was receipt of Rs. 6,97,250/- from NAAT Fees Collection, Rs. 1,22,000/- from Annual Membership Fees, Rs. 23,28,300/- from Life membership Fees, Rs. 1,53,957 from Receipt from Seminars, Workshop, EDP, Rs. 2,26,100/- from Registration Fees etc.

Overall, in any case even if we consider only Annual Membership Fees and Life membership Fees, it is crossing the threshold limit of Rs. 20 Lakh, therefore as the threshold limit for GST Registration has been crossed, it is mandatory to register with the Association under GST Laws. Even in the previous year, Association were required to register under GST Laws.

### **Conclusion**

If the aggregate turnover exceeds 20 Lakhs cooperative are compulsorily required to get registered, there is no other exemption for registration. Also, in GST regime Association are eligible to claim ITC on inward supply made by it which was not allowed earlier, this would benefit the Association in the form of reduction in cost. The Association can transfer this benefit to its member in the form of reduction of maintenance charges collected from its member after due a detailed the cost benefit analysis available to the Association under GST.

In view of the Financials given and above discussion, conclusion here is:

### **Queries: -**

#### **1. GST Registration Requirement**

In view of the Financials given and above discussion, Association is mandatorily required to register under GST Laws.

## **2. Taxability of Membership Fees**

Members of the Association and the Association are the distinct person. Hence the fees received from members is treated as supply and therefore GST is applicable on such membership fees received. Unless otherwise exempted, all the supply of Goods and Services are taxable.

## **3. Taxability of Donations and Grants:**

Donations and Grants received by Association does not constitute taxable event under GST. However, supporting documents etc has to be maintained to prove that no supply was made for receipt of such Donation or Grant and this not Quid Pro Quo i.e. Association is not doing any specific work for the Donation and Grant received.

## **4. Taxability of Events and Workshops:**

The fees collected for events, workshops, and training sessions organized by the Association is taxable under GST Laws.

## **5. Input Tax Credit (ITC) Eligibility:**

Association is allowed to take Input Tax Credit after Registration under Sec 16 (1) of CGST Act subject to conditions for taking input tax credit. Association is entitled to ITC in respect of taxes paid by them on capital goods (generators, water pumps, lawn furniture etc.), goods (taps, pipes, other sanitary/hardware fillings etc.) and input services such as repair and maintenance services – Lift AMC, Housekeeping, Security, Fire AMC, Repairs & Maintenance, Contract staff, Accounting & Auditing Services and other such services.

## **6. Compliance and Filing Requirements:**

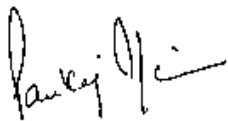
Returns: Association are also liable to file monthly returns i.e. GSTR-1, GSTR-3B

Invoices: Association is required to change the invoice format of monthly/quarterly/yearly bills invoiced to the members. Association should mention the GSTIN No, the tax collected and so on in the invoice issued by it.

Books of Accounts: Association is liable to prepare and maintain proper books of accounts. It would also be liable to audit if the aggregate turnover exceeds the threshold limit of audit. Also to maintain proper Records of Supply & Expenses and preserve such records for 72 Months.

In case you need any other information/clarification the same may be communicated.

**This is an opinion only.**



**PANKAJ GHIYA**

**Advocate**

**Date: -27.06.2024**



## Report of IAA CENTRALISED ACCOUNTING SYSTEM COMMITTEE

Following were present in the online meetings of the committee held on Aug 7 and 16, 2024:

Prof G Soral	Chairman
Prof K V Achalapathi	Member
Prof G Simon Thattil	Member
Prof Satyajit Dhar	Convenor
Prof V Appa Rao	President, IAA (Ex officio Member)
Prof Sanjay Bhayani	General Secretary IAA (Ex officio member)
Prof J K Jain	Special Invitee
Dr K Ch AVSN Murthy	Special Invitee

Prof Arindam Gupta, Member, could not join the meetings. But he communicated his views through messages for the meetings.

### **Background:**

**IAA received legal opinion from Advocate Pankaj Ghiya, Past President of All India Federation of Tax Practitioners, on June 27, 2024 which, inter alia, mentioned as follows:**

**"Association is mandatorily required to register under GST laws".**

The matter was considered in the meeting of IAA Office Bearers held on July 16, 2024 which resolved to constitute a committee to

develop modalities and mechanism for centralized accounting and branch accounting system in view of GST being applicable to IAA. Notification for constitution of the committee was issued on July 20, 2024.

The matter was then deliberated upon in the meetings of the committee.

**Recommendations:**

1. IAA shall take one GST Registration for its headquarters (HQ) which will cover all the central activities like NATS, Certification programme etc. (and activities of the Branches that are merging their bank balances with HQ as per Option 2 below) wherever IAA PAN is involved. A consultant shall be hired by the HQ to take care of all accounting and GST matters at HQ level.

2. IAA Branches shall have two options:

**OPTION ONE: Continue to operate separate bank account of the branch (not linked with IAA PAN):**

In this case, the branch has to take following steps:

i. Get the branch registered as Association of Persons (AOP) under the Societies Registration Act of the state. A model constitution shall be drafted by the HQ for such registration of the branches in line with IAA Constitution.

ii. Get PAN issued for the branch under the Income Tax laws.

iii. Get branch bank account linked with branch PAN.

iv. Continue to submit audited financial statements to the HQ for information.

**Merits of this arrangement:**

i. Branch bank balance is retained with the branch.

ii, Branch has Independence to do the activities.

iii. For the branch, no liability of GST, nor any compliance may be required.

iv. Most likely, no Income Tax liability of the branch may arise.

v. No requirement of consolidation of branch accounts with HQ accounts shall be there.

**OPTION TWO: Not to continue with separate bank account of the branch:**

In this case, the branch should close its existing bank account and transfer entire money to HQ. HQ shall maintain in its account books "IAA.....Branch Fund Account" in the name of the branch showing such amount as received from the branch. All receipts and payments related with branch activities, shall be routed through HQ Bank account (subject to compliance with GST and IT requirements).

The consultant as mentioned in Point no. 1 above shall maintain the Branch Fund Account at HQ level. All incomes including branch membership fee share and interest on deposits, and all expenses related with the branch shall be recorded in this account. The consultant shall send copy of the Branch Fund Account to the branch Secretary on quarterly basis in case there are any transactions. He shall also generate Income and Expenditure Account and Balance Sheet of the branch at the end of the financial year and send it to the branch.

The vouchers of branch expenses duly verified shall be sent to IAA Treasurer who shall process the payment.

**3. Time Lines for implementation of the recommendations by the branches shall be as follows:**

i. To decide option as per point 2 above, based on resolution of the branch AGM and inform the HQ. TWO Months (from date of notification by IAA)

ii. In case of option 2, to close branch bank account and remit the amount to HQ. ONE Month (from date of notification by IAA)

iii. In case of option 1, to apply for registration as AOP. TWO Months (from date of notification by IAA) and to apply for PAN after getting AOP registration. ONE Month

G Soral



Chairman



# INDIAN ACCOUNTING ASSOCIATION

**Minutes of Meeting of Executive Committee of Indian Accounting Association held on 5<sup>th</sup> October, 2024 at 5:00 p.m. on Online Mode (As per IAA Constitution clause 9(b)) under the Chairmanship of Prof. V. Appa Rao, President, IAA.**

In the meeting, 36 members were present (List attached as Appendix)

At the outset, **Prof. Sanjay Bhayani**, General Secretary, IAA extended a hearty welcome to all the members present online. **Prof. V. Appa Rao**, President, welcomed all members while making his opening remarks.

**Agenda 1: Approval of the minutes of the online EC meeting held on 8th June, 2024.**

Minutes of the Meeting of the Executive Committee of IAA held on 8<sup>th</sup> June, 2024 were approved.

**Agenda 2: To apprise the Executive Committee Members about the IAA Centralised Accounting System Committee Report which is approved by the President and all the Office Bearers of IAA in the online Office Bearers meeting held on 3rd September, 2024 and decide future course of action in this regard.**

In the beginning, **Prof. V. Appa Rao** shared details about the legal opinion on GST obtained by the association from a senior advocate and briefly explained about the purpose of committee and content of the report. Prof. V. Appa Rao requested Prof. G. Soral to present committee report in detail. Then, **Prof. G. Soral**, Chairman of the IAA Centralised Accounting System Committee, presented report of the committee in detail.

After presentation of the committee report, President invited the members to express in case they need any clarifications and make suggestions for implementation of recommendations covered in the report.

**Prof. K. R. Sharma** suggested that meeting of Branch Secretaries should be conducted to inform them about the recommendations.

**Prof. Arindam Gupta** has given his views that IAA members should be responsible and responsive for any activities of IAA, like submission of branch accounts, timely submission of their arrival and departure information regarding the upcoming 46th IAA conference etc. The members should devise some method by which the issue of non-compliance as regards branch bank account/ branch accounts/communication from the branches as regards the two options given to them as per the proposal of the special Committee, can be stopped.

**Prof. M. L. Vadera** suggested that the IAA Centralised Accounting System Committee Report should be discussed in the IAA AGM at Kolkata.

**Prof K Eresi** suggested that selection of the option should be resolved in the branch AGM only which has also been recommended by the committee.

**Prof. K V Achalpathi** suggested branches should be given options. The branches are required to approve the option in AGM as recommended in the report.

**Prof. Satyajit Dhar, Dr. (CA) K. Ch. AVSN Murthy, Prof. Usha Kiran, and Prof. Gabriel Simon Thattil** supported views of **Prof. Achalpathi**.

Prof. K.S. Thakur suggested that centralized accounting is better as compare to decentralized accounting system and financial autonomy may be given to branches.

After a very fruitful discussion, the report was unanimously approved and resolved that the IAA Centralised Accounting System Committee Report will be elaborated in the IAA Branch Secretaries meeting for facilitating its implementation. As per recommendations and time line suggested in the report, branches have to resolve selection of the options in their General Meeting, and inform their resolution of selected option in writing to IAA Headquarters and act further as per the committee recommendations.

EC authorized the President and General Secretary to form a committee for the preparation of the IAA Branch Model Constitution in line with the IAA Constitution (for those branches which have selected for option one).

Some of the members have approved committee recommendations through online chat box.

Ultimately, the EC has resolved to conduct an online meeting with branch secretaries and constitute a committee to prepare IAA Branch Model Constitution.

### **Agenda 3. Any other item with the permission of the Chair.**

**Prof. Sanjay Bhayani** informed that we have collected a copy of the IAA Constitution of 1969 from the Society Registrar Office, Varanasi, and now we have to take further action to approve our present constitution as per Society Act procedures.

The meeting ended with a formal vote of thanks by **Prof. Sanjay Bhayani**, General Secretary, with special thanks to the Chair at 6:10 pm.

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## APPENDIX

**The following members were present in the meeting**

Sr. No.	Name	Sr. No.	Name
1.	Prof. V. Appa Rao	2.	Prof. Sanjay Bhayani
3.	Prof. K. S. Thakur	4.	Prof. G Simon Thattil
5.	Prof. Satyajit Dhar	6.	Dr. Nimmi Dev
7.	Prof. J. K. Jain	8.	Prof. G. Naresh Reddy
9.	Prof. M. L. Vadera	10.	Prof. G. Sorai
11.	Dr. Vineet Chandra	12.	Prof. Arindam Das
13.	Prof. K.R. Sharma	14.	Prof. Arindam Gupta
15.	Dr. Laxman Ram Paliwal	16.	Dr. Anil Rathod
17.	Dr. (CA) K. Ch. AVSN Murthy	18.	Dr. Mans Naskar
19.	Dr. Sapan Asthana	20.	Dr. Dilip Karak
21.	Prof. Ashish Kumar Sana	22.	Prof. V. Usha Kiran
23.	Prof. Pranam Dhar	24.	Dr. Shailesh Ransariya
25.	Prof. Biju T.	26.	Dr. Vishnu Gopal
27.	Dr G. M. Roy	28.	Dr Swapna Kunnath
29.	Prof. R. K. Bal	30.	Dr Vineeta Kumari
31.	Prof. K. V. Achalapathi	32.	Prof. K. Eresi
33.	Prof. Ashvin Solanki	34.	Mr. Venkatesh Maddeni
35.	Dr Pradeep Kumar N.	36.	Dr. Manish Vadera



Sanjay Bhayani  
General Secretary