WHO IS A TAXABLE PERSON UNDER THE GST ACT?

Under the GST Act, a taxable person is a person who conducts any business anywhere in India and is registered or required to be registered under the act. Any person who engages in economic activity, including trade and commerce, is treated as a taxable person.

The word “person” includes an individual, a Hindu Undivided Family, a company, a firm, a limited liability partnership, an association of persons or a body of individuals, a corporation or government company, a body corporate incorporated under the laws of a foreign country, a co-operative society, a local authority, a government, or an artificial juridical person. The definition of taxable person also includes a trust. However, if the trust is not engaged in economic activity, it will not be treated as a taxable person under the GST Act.

GST registration is mandatory for any business whose total volume of sales or services in a financial year exceeds four million rupees (approximately $55,918) or two million rupees (approximately $27,959) in the North Eastern and Hill States of India. If the turnover consists only of the supply of exempted goods or services, registration is not necessary.

ARE SOME GOODS AND SERVICES EXEMPT FROM GST?

Education and healthcare are exempt.
WHERE CAN I LEARN MORE ABOUT PHILANTHROPY LAW IN INDIA?

More information may be found in ICNL’s India Philanthropy Law Report, which offers detailed information about national laws and regulations affecting philanthropy in India:


SHOULD NONPROFITS THAT RECEIVE GRANTS REGISTER UNDER THE GST ACT?

No. Grants are in the nature of a gift, and GST should not be deducted on grants or donations. However, GST does apply to sponsorship and advertisements on behalf of nonprofits if benefit is accrued by the sponsor or advertiser.

For example, ABC Bank decides to sponsor a dance and music show organized by the XYY nonprofit organization, which supports children with hearing and visual disabilities. ABC Bank puts its banners up on the venue and derives advertising benefits. In this case, the XYY organization should be registered under the GST Act, charge GST to ABC Bank, and pay GST to the government.

ARE ALL SERVICES RENDERED BY CHARITABLE ORGANIZATIONS EXEMPT UNDER THE GST ACT?

Services constituting charitable activities by a tax-exempt entity registered under Section 12AA of the Income Tax Act are exempt from GST. However, a charitable organization’s paid commercial services are subject to GST if they amount to more than two million rupees (approximately $27,959) in a financial year.

ARE “CHARITABLE ACTIVITIES” DEFINED UNDER THE GST ACT?

Under the GST Act, the scope of charitable activities is narrower and more restricted than under the Income Tax Act. Charitable activities include:

1. The following public health services:
   a. Care or counseling of
      i. Terminally-ill persons or persons with severe physical or mental disability
      ii. Persons with HIV or AIDS
      iii. Persons addicted to a dependence-forming substance, such as narcotics, drugs, or alcohol
   b. Public awareness of preventive health, family planning, or prevention of HIV infection
2. Advancement of religion, spirituality, or yoga
3. Advancement of educational programs or skills development relating to:
   a. Abandoned, orphaned, or homeless children
   b. Physically or mentally abused and traumatized persons
   c. Prisoners
   d. Persons over the age of 65 residing in a rural area
4. Preservation of the environment (including watershed, forests, and wildlife).