Sub: Opinion on the applicability of Goods & Service Tax (GST) Act

Facts of the case
Care India Solutions for Sustainable Development (CISSD) is an entity registered under Section 25 of Companies Act, 1956 (now Section 8 of Companies Act, 2013) and is a not-for-profit organization working in India mainly for alleviating poverty and social injustice by carrying on various projects. The fund requirement for carrying out the projects is met through grants and donations received by CISSD from various foreign and Indian Donors.

CISSD, in view of its registration under GST Act, is willing to have our opinion to know regarding the applicability of GST provisions.

Opinion
For the purpose of expressing our opinion on the aforementioned question raised by CISSD to us, we understand that:

1. CISSD is an entity registered under Section 8 of Companies Act, 2013 (erstwhile Section 25 of Companies Act, 1956) for conducting activities of charitable nature without profit motive.

2. CISSD has obtained registration under GST Act, 2017.

3. Receipts of CISSD are in the nature of grants/ donations from various donors.

4. CISSD is not engaged in trading goods and/or providing any services which requires issuance of invoice and charging GST on the value of goods sold/services provided.

5. That financials of CISSD can be accessed at careindia.org and indicate that CISSD spends most of its receipt for the purpose of carrying on its activities.

6. CISSD is not required to collect GST from its donors on the receipt of grants/donation.
7. CISSD has registered itself under GST Act to discharge its liability under Reverse Charge Mechanism (RCM) only.

Accordingly, no invoice is required to be issued by CISSD against the receipt of grants/donation from various donors and registration under GST Act is required for discharging liability under RCM.

For STRG & Associates
Chartered Accountants
FRN: 014826N

Date: January 27, 2022
Place: New Delhi

UDIN: 22507889AAAAAE9023