

CLARIFICATION FROM CBIC

Subject: Clarification in respect of levy of GST

- **Service of display of name or placing of name plates of the donor in the premises of charitable organizations receiving donation or gifts from individual donors**

It can be said that there is no supply of service for a consideration (in the form of donation) if there is no obligation (quid pro quo) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is **no GST** liability on such consideration **if:**

- the gift or donation is made to a charitable organization
- the payment has the character of gift or donation
- the purpose is philanthropic (i.e. it leads to no commercial gain) and not advertisement.

- **GST on license fee charged by the States for grant of Liquor licences to vendors**

Services proved by the Government to business entities including by way of grant of privileges, licences, mining rights, natural resources such as spectrum etc. against payment of consideration in the form of fee, royalty etc. are taxable under GST under reverse charge.

GST council in its 26th meeting recommended that GST was not leviable on license fee and application fee, by whatever name it is called, payable for alcoholic liquor for human consumption and that this would apply mutatis mutandis to the demand raised by Service Tax/Excise authorities on license fee for alcoholic liquor for human consumption in the pre-GST era, i.e. for the period from 01-04-2016 to 30-06-2017.

Therefore, the decision of the meeting was implemented by notifying service by way of grant of alcoholic liquor licence, against consideration in the form of licence fee or application fee or by whatever name it is called, by State Government as **neither a supply of goods nor a supply of service.**