

GST

Supreme Court Issues Notice on Taxability of Club–Member Transactions

In a significant development, the **Supreme Court in Union of India vs. Indian Medical Association** has issued notice in an SLP challenging the Kerala High Court judgment which had struck down the 2021 GST amendments taxing transactions between clubs/associations and their members. The amendments, inserted through Section 7(1) (aa) and Section 2(17)(e) of the CGST Act with retrospective effect from 1 July 2017, deem such transactions as “supply” and make them liable to GST.

The Kerala High Court had declared these provisions unconstitutional, holding that GST on “supply” requires two distinct persons, and based on the doctrine of mutuality, a club and its members cannot be treated separately. It further observed that **Parliament cannot artificially expand the scope of “supply” beyond constitutional limits without amending the Constitution.**

The Supreme Court has now admitted the matter and granted interim relief by directing that **no recovery of GST liability shall be made from the respondents at this stage.** However, no final ruling has been passed, and the issue remains pending for adjudication. This development keeps the taxability of club–member transactions under GST in a state of uncertainty, with the final position subject to the Supreme Court’s decision.



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