

Adoption fees received by charitable trust are exempt from GST

Children of The World India Trust, In re - [2019] (AAR - MAHARASHTRA)

The applicant is a trust registered under Section 12AA of the Income-tax Act, 1961 engaged in many charitable activities one of which is arranging adoption of abandoned children or children whose parents are unable to support them. It has sought for advance ruling on whether the receipt of adoption fees as per Regulation 46 of the Adoption Regulations, 2017 from the prospective parents is exempt from GST?

The Authority for Advance Rulings, Maharashtra observed that the applicant is a Charitable Trust registered as a 'Specialized Adoption Agency' engaged in housing orphans and abandoned children for the purpose of adoption. Every activity is controlled and processed by the Govt. through Central Adoption Resource Agency (CARA). The applicant does not and cannot take any remuneration, donation or any other amount other than adoption fees. The adoption fees charged is used as a corpus which is used for shelter, food, clothing, medical treatment, primary education, etc., of orphans till the time they are adopted.

The adoption of children by prospective parents are 'Charitable Activities' include advancement of educational programmes or skill development abandoned, orphaned or homeless children which are exempt from GST.

The Authority for Advance Rulings, Maharashtra held that the adoption fees received by applicant from prospective parents are exempt from GST.