NATION TAX MARKET	**KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM**	KERALA GST State Goods & Services Tax

BEFORE THE AUTHORITY OF : Shri Jomy Jacob, IRS &

: Shri Mansur M.I.

Legal Name of the applicant	Indian Co-Operative Credit Society Limited
GSTIN	32AABAI2063F1Z9
ARN	AD320225007706G
Address	Second Floor, City Castle Building, Room No 27 East Fort, Thrissur, Kerala, 680005
Advance Ruling sought for	1. Whether the sharing of amounts by the Applicant to its members who act as facilitators constitutes a "supply" as defined under Section 7 of the CGST Act, 2017, and accordingly attracts levy of GST under Section 9 of the CGST Act, 2017 read with the Kerala State GST Act, 2017? 2. Whether any GST is leviable on any transactions made between the Applicant and its members including those who act as facilitators? 3. What is the classification of service if the answer to (1) and (2) is in the affirmative? 4. If the answer to the above question (1) and (2) is in affirmative, whether the GST is exempt on transactions between the Applicant and its members, including facilitators?
Date of Personal Hearing	26-11-2025
Authorized Representative	Shri Saurabh Dixit, Advocate

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ADVANCE RULING No. KER/02/2026 Dated 23/03/2026

1. The applicant, M/s. Indian Co-operative Credit Society Ltd. (hereinafter referred to as "ICCSL"), is a Multi-State Co-operative Credit Society registered under the Multi-State Co-operative Societies Act, 2002 having its head office in Bengaluru. The applicant operates in the states of Karnataka, Tamil Nadu, Kerala and Andhra Pradesh. They are registered in Kerala under GSTIN 32AABAI2063F1Z9. The Society provides credit facilities exclusively to its members and accepts deposits only from its members as part of its co-operative objectives. Members are required to hold shares in the Society, and all lending and deposit activities are restricted within the membership.

2. In this Ruling, the provisions of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as CGST Act) and the Kerala State Goods and Services Tax Act, 2017 (hereinafter referred to as KSGST Act) are same except for certain provisions. Accordingly, a reference hereinafter to the provisions of the CGST Act, Rules and the notifications issued thereunder shall include a reference to the corresponding provisions of the KSGST Act, Rules and the Notifications issued thereunder.

3. **The facts of the issue:** The Applicant has stated that it is engaged in providing short-term and long-term credit facilities to its members and in accepting deposits from them, both being interest bearing activities. It also collects membership fees and processing charges related to its lending operations. Membership is limited to individuals who become shareholders of the Society, and only such members can avail or extend credit on a cooperative basis. The Applicant has further submitted that certain members who voluntarily assist in promoting the Society's objectives are designated as "facilitators," who help in arranging lending to other members and in encouraging collective action, savings, and investment habits. The Applicant additionally shares certain amounts with these facilitators in connection with the activities they undertake. Based on the application, the issues arising for consideration are as under:



3.1. The Applicant contends that, as a Multi-State Co-operative Credit Society, all transactions between the Society and its members, including facilitators who are also members are governed by the principle of mutuality and therefore do not constitute a "supply" as defined under Section 7 of the CGST Act, 2017. It is submitted that no GST is leviable under Section 9 of the CGST Act read with the Kerala GST Act on such transactions. The first issue is whether the transactions between the Applicant and its members, including facilitators who are also members, amount to "supply" and whether GST is applicable on such transactions.

3.2. The Applicant contends that, although it is a co-operative credit society registered under the Multi-State Co-operative Societies Act, it may also be regarded as a "banking company", notwithstanding its status as a body corporate. The Applicant submits that if the principle of mutuality is not accepted and the Society and its members are treated as separate persons for GST purposes, then whether the transactions in question may be eligible for exemption under Sl. No. 39 of Notification No. 12/2017–Central Tax (Rate) dated 28.06.2017 which exempts services provided by a business facilitator or business correspondent to a banking company in relation to accounts in its rural branch.

4. The contentions of the applicant:

Contention with respect to transaction between applicant and its members

4.1. The Applicant contended that transactions between the Society and its members, including members acting as facilitators, are governed by the principle of mutuality and therefore do not constitute "supply" under Section 7 of the CGST Act, 2017. ICCSL placed reliance on the judgment of the Hon'ble Supreme Court in State of West Bengal v. Calcutta Club Ltd. [(2019) 19 SCC 107], wherein it was held by the Apex Court that a club or association and its members are not distinct persons in the eyes of law and that internal transactions cannot be subjected to tax. According to the Applicant, the said principle applies equally to co-operative societies, including incorporated entities.

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4.2. The Applicant further submitted that although Section 9 of the CGST Act was amended by Section 108 of the Finance Act, 2021 to tax transactions between clubs/associations and their members, the Kerala High Court in the case of Indian Medical Association [2025 (4) TMI 872], struck down the amendment as ultra vires. The Court reaffirmed the doctrine of mutuality under GST and held that an association and its members cannot be treated as distinct persons for levy of GST and ruled that the deeming fiction introduced to tax intra-member transactions is invalid, and GST cannot be imposed on transactions occurring within a mutual association.

4.3. ICCSL also contended that consideration and a transaction between distinct persons are essential elements under Section 7 defining scope of supply and both are absent in the present case. Membership fees, processing charges and other amounts collected from members are stated to be internal allocations and not consideration for any supply. Payments made to facilitators who are also members are surplus distributions permissible under Section 63 of the Multi-State Co-operative Societies Act, 2002, rather than commission or service fees.

4.4. On these grounds, the Applicant contended that the Society and its members constitute a single entity for internal transactions, and therefore no supply takes place, and no GST is leviable on amounts recovered from or distributed to its members, including facilitators.

Contention with respect to applicability of exemption under Sl. No. 39 of Notification No. 12/2017 CT (R) dtd 28.06.2017

4.5. The Applicant contended that without prejudice to the plea of mutuality, even if the Society and its members are treated as distinct persons for GST purposes, the services rendered by facilitator (who are also members) in rural areas qualify for exemption under Sl. No. 39 of Notification No. 12/2017-CT(Rate), dated 28.06.2017.

4.6. They contended that a harmonious reading of Section 3(f) of the Multi-State Co-operative Societies Act, 2002 together with Sections 5(b), 5(c), 6(a) and 56 of the Banking Regulation Act, 1949, and Section 45A of the RBI Act, 1934 indicates

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that the Society, for all practical purposes, qualifies as a "Banking Company." The Applicant relied on the decision of the Hon'ble Apex Court in the case of Pandurang Ganpati Chaugule v. Vishwasrao Patil Murgud Sahakari Bank Ltd. [2020 (5) TMI 148 (SC)], wherein it was held that the SARFAESI Act, 2002 applies to Co-Operative banks, including multi-state Co-Operative banks. Reliance was also placed on the decision of the Hon'ble ITAT in The Citizen Co-operative Society Ltd. v. ACIT (Hyderabad ITAT, ITA Nos. 1156–1159/Hyd/2009), wherein a multi-state co-operative credit society was treated as a banking company. These decisions, according to the Applicant, lend support to their contention that the Society is treated on the same footing as any other banking company.

4.7. Further, the Applicant submitted that the facilitators, who are also members act as intermediaries or business facilitators under a recognised model facilitating deposit and loan operations for members, predominantly in rural areas. Since GST law does not define "account" or "rural area," any facilitation of deposit/loan operations in rural locations should qualify as services relating to rural "accounts," and therefore fall within the scope of Sl. No. 39. Accordingly, such services should be held exempt from GST.

5. Comments of the Jurisdictional Officer:

5.1. The application was forwarded to the jurisdictional officer as per provisions of section 98 (1) of the CGST Act. The jurisdictional officer reported that the Applicant had earlier been subjected to proceedings under the GST Act on a substantially similar issue. It was reported that a show cause Notice (SCN No. 02/AC/2022 (Central Tax)) dated 16.02.2022 was issued alleging failure to obtain GST registration for the period 01.07.2017 to 06.10.2017. The Applicant, in response, contended that its activities were confined to members and hence not liable to GST in view of the Supreme Court's decision in Calcutta Club (2019 (29) GSTL 545(SC)). The adjudicating authority vide OIO No. 21/2023-24-GST(ADJ) dated 26.03.2024 rejected this contention but, since the tax dues for the relevant period had already been voluntarily paid, imposed only a penalty of ₹10,000 for non-registration vide OIO dated 26.03.2024.

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5.2. The Applicant later filed an appeal against the imposition of penalty, reiterating that its activities were not taxable in light of Calcutta Club. The Joint Commissioner (Appeals), however, rejected the appeal vide OIA No. 164- 2025-26-JC dated 25.09.2025. Although the Kerala High Court's subsequent judgment in Indian Medical Association (2025) was not invoked in these proceedings, the jurisdictional officer noted that the core question whether GST applies to transactions between the Society and its members has already been adjudicated in the above appellate order issued under the GST Act.

6. Personal Hearing:

6.1. The applicant was granted an opportunity for personal hearing on 26.11.2025. Shri Saurabh Dixit, Advocate, appeared on behalf of the applicant and explained the nature of the activities undertaken. He also reiterated the submissions made in the written application. During the course of the personal hearing, it was informed that the Directorate General of GST Intelligence (DGGI) had issued notices to certain facilitators of the applicant. In the said notices, the department had submitted that the consideration received by the facilitators from ICCSL for promoting loans and deposits of ICCSL to its members was liable to GST as "*Services auxiliary to financial services*".

6.2. Comments were also called for from the jurisdictional officer on the advance ruling application, and also to ascertain whether the issue raised had been decided or was pending in any proceedings under the provisions of the GST Acts. The Superintendent, Chembukavu Range, vide letter dated 01.12.2025, furnished comments in this regard. Along with the said communication, copies of Order-in-Original No. 21/2023-24-GST (ADJ) dated 26.03.2024 and Order-in-Appeal No. 164-2025-26-JC dated 25.09.2025 pertaining to the applicant were also submitted to the Authority.

7. Discussion and Findings:

7.1. We have carefully examined the statements of facts, the questions raised by the Applicant, the submissions made during the personal hearing, and the comments furnished by the jurisdictional officer.

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7.2. The questions raised by the Applicant for advance ruling are reproduced below:

(i) Whether the sharing of amounts by the Applicant to its members who act as facilitators constitutes a "supply" as defined under Section 7 of the CGST Act, 2017, and accordingly attracts levy of GST under Section 9 of the CGST Act, 2017 read with the Kerala State GST Act, 2017?

(ii) Whether any GST is leviable on any transactions made between the Applicant and its members including those who act as facilitators?

(iii) What is the classification of service if the answer to (i) and (ii) is in the affirmative?

(iv) If the answer to (i) and (ii) is in affirmation, whether the GST is exempt on transactions between the Applicant and its members, including facilitators?

7.3. The questions at Sl. Nos. (iii) and (iv) raised by the applicant appear, prima facie, to fall within the scope of clauses (a) and (b) of Section 97(2) of the CGST Act, 2017, respectively. However, these questions can be examined only in conjunction with questions (i) and (ii) raised by the applicant, as they are intrinsically linked to the determination sought therein. On examination of questions (i) and (ii), it is observed that the same are not framed with sufficient specificity and appear to be ambiguous in nature. It is evident that the said questions do not fall within the ambit of clauses (a), (b), (c), (d), or (f) of Section 97(2). Further, the questions may or may not fall within the scope of clauses (e) or (g) of Section 97(2), depending upon the exact nature and intention of the subject matter on which the ruling is sought. In this regard, it is pertinent to note that rulings under the aforesaid clauses can be rendered only in respect of the supply of goods or services undertaken by the applicant. It is observed that the questions raised do not relate to supplies undertaken by the applicant but rather to services allegedly rendered by facilitators to the applicant. The Authority is not empowered to pronounce a ruling on supplies made by other persons to the applicant or to any third party. The applicant has also not raised any specific question regarding liability under reverse charge mechanism or admissibility of input tax credit in respect of any inward supply.

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7.4. In question (i), the applicant seeks a ruling on the taxability of the sharing of amounts by the applicant with its facilitators. From the submissions made, it is observed that the facilitators, who are also members of ICCSL, assist in arranging lending transactions and in facilitating the acceptance of deposits from other members. For such facilitation, a portion of the amount is shared by the applicant with the said facilitators. Thus, the amount shared by the applicant is evidently in consideration of services rendered by the facilitators to the applicant. Consequently, the transaction in question pertains to the supply of services by the facilitators to the applicant, and not to any supply made by the applicant. Therefore, as discussed in the preceding paragraph, since the amount shared is not in respect of any supply of goods or services made by the applicant, the question raised does not fall within the scope of Section 97(2) of the CGST Act, 2017. Accordingly, no ruling can be issued on question (i).

7.5. In question (ii), the applicant seeks a ruling on whether GST is leviable on any transactions between the applicant and its facilitators. In this regard, it is pertinent to note that a ruling under Section 97(2) of the CGST Act, 2017 can be issued only in respect of supplies of goods or services undertaken by the applicant. The Authority is not empowered to pronounce a ruling on transactions wherein the facilitator acts as the supplier of services to the applicant. Further, from the submissions made by the applicant, it is observed that the applicant has not specified or illustrated any transaction wherein the applicant provides any goods or services to the facilitators. In the absence of any such factual matrix demonstrating a supply made by the applicant, the question appears to relate only to transactions where the facilitators may be rendering services to the applicant. Therefore, in line with the discussion in the preceding paragraphs, the question raised does not fall within the scope of matters specified under Section 97(2) of the CGST Act, 2017. Accordingly, no ruling can be issued on question (ii) as well.

7.6. During the course of the personal hearing and in the written submissions, the applicant contended that, being a society, the principle of mutuality is applicable, and therefore the applicant and its facilitator members cannot be

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regarded as distinct persons for the purpose of levy of GST. In this context, the applicant has relied upon the doctrine of mutuality and the judgment of the Hon'ble Supreme Court in Calcutta Club Ltd. However, it is observed that Section 7(1)(aa) was inserted in the CGST Act, 2017 with effect from 01.01.2022, whereby activities or transactions by a person, other than an individual, to its members or constituents for consideration are deemed to constitute a supply. It is true that the Hon'ble Kerala High Court, in the case of Indian Medical Association v. Union of India, held the said amendment to be ultra vires. However, it is noted that the Department has challenged the said judgment before the Hon'ble Supreme Court of India by filing SLP (Civil) No. 55454 of 2024, and the matter is presently sub judice. The Department continues to maintain the position that transactions between a society and its members are liable to tax by treating them as distinct persons. Further, even assuming, arguendo, that the principle of mutuality is applicable and that the activities between the applicant and its members are not to be treated as supplies between distinct persons, the present application still cannot be admitted in view of the bar contained in Section 98(2) of the CGST Act, 2017. From the comments furnished by the jurisdictional officer, it is evident that the issue relating to the taxability of transactions between the applicant and its members has already been examined in adjudication proceedings culminating in Order-in-Original No. 21/2023-24-GST (ADJ) dated 26.03.2024, wherein the adjudicating authority rejected the applicant's contention that transactions between the society and its members are not liable to GST in light of the judgment of the Hon'ble Supreme Court in State of West Bengal v. Calcutta Club Ltd. Accordingly, since the question raised in the present application pertains to an issue that has already been decided in proceedings initiated against the applicant under the provisions of the Act, the application is not admissible in terms of Section 98(2) of the CGST Act, 2017.

7.7. As discussed, questions (iii) and (iv), which relate to the classification of services and the availability of exemption under Sl. No. 39 of Notification No. 12/2017–Central Tax (Rate) dated 28.06.2017, are purely consequential in nature and would arise for consideration only upon determination of Questions (i) and (ii) on merits. Since the primary questions themselves have been held to be

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inadmissible in view of the provisions of Section 97(2) and Section 98(2) of the CGST Act, 2017, the said consequential questions also cannot be admitted or examined by this Authority.

7.8. In view of the foregoing, this Authority is of the considered opinion that the present application is not admissible in terms of Section 97(2) and 98(2) of the CGST Act, 2017. In view of the above findings, the application is liable to be rejected at the threshold without entering into the merits of the issues raised. Accordingly, this Authority refrains from examining the matter including the applicability of the doctrine of mutuality, the effect of the judgment of the Hon'ble Kerala High Court in Indian Medical Association (2025), and the eligibility to exemption under Sl. No. 39 of Notification No. 12/2017–Central Tax (Rate). In view of the above findings, the application is liable to be rejected at the threshold without entering into the merits of the issues raised.

8. In the light of the facts and legal position as stated above, the following ruling is issued:

RULING

The application for advance ruling filed by M/s Indian Co-operative Credit Society Ltd. is rejected as not admissible in terms of Section 97(2), and Section 98(2) of the CGST Act, 2017 and No ruling is issued on the questions raised in the application.

Jomy Jacob, IRS
Addl. Commissioner of Central Tax
Member

Mansur M.I.
. Joint Commissioner of State Tax
Member

To

Indian Co-Operative Credit Society Limited,
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East Fort, Thrissur, Kerala, 680005.

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Copy submitted to:-

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin- 682018. [E-mail ID: cccochin@nic.in; ccu-cexcok@nic.in]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram – 695002. [E-mail ID: cst.sgst@kerala.gov.in]
3. The Commissioner of Central Tax and Central Excise, Kochin Commissionerate.
4. The Commissioner of Central Tax and Central Excise, Thiruvananthapuram Commissionerate, GST Bhavan, Statue, Thiruvananthapuram.
5. The Commissioner of Central Tax and Central Excise, Calicut Commissionerate.

Copy to:-

1. The Joint Commissioner, TPS, HQ, Thiruvananthapuram.
2. The Deputy Commissioner, ITMD, Thiruvananthapuram.
3. The State Tax Officer, Tax Payer services Circle, Ollur.
4. The Superintendent, Central Tax, Thrissur Divison, Chembukkavu Range.

