

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO. 3599
ANSWERED ON – 24.03.2026

GST on CSR expenditure

3599 **Shri Kartikeya Sharma:**

Will the Minister of **Finance** be pleased to state:

- (a) whether Government has taken note of concerns regarding the applicability of Goods and Services Tax (GST) on expenditure incurred towards Corporate Social Responsibility (CSR) activities under the Companies Act, 2013;
- (b) whether Government has undertaken any assessment of the impact of GST on CSR spending and its implications for corporate participation in social development initiatives; and
- (c) whether Government proposes to consider waiving GST on CSR-related expenditure or allowing input Tax Credit (ITC) on such spending to encourage greater corporate contribution towards social welfare activities?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): GST is an indirect tax levied on the supply of goods or services or both. GST rates and exemptions on any supply of goods and services are prescribed on the recommendations of the GST Council, which is a Constitutional body comprising members from both the Union and State/UT Governments.

The expenditure incurred towards CSR (Corporate Social Responsibility) activities of a company which do not fall under the ambit of 'supply' are not taxable under GST. For instance, making cash donation or any other contribution under CSR activities by the companies, which are not covered under the scope of 'supply' under GST, are not taxable under GST. However, inputs and input services procured for the purpose of CSR activities may attract GST at applicable rates.

(b): No such specific assessment has been undertaken.

(c): Input Tax Credit (ITC) on CSR related expenditure is restricted/blocked with effect from 01.10.2023, in terms of clause (fa), which was inserted in section 17(5) of CGST Act, 2017, based on the recommendations of the 49th GST Council meeting.

At present, no proposal about the GST on CSR related expenditure or for allowing ITC on such expenditure is pending before the GST Council.
