

A Note on proposed amendment of the Articles of Association in order to stop all credit facilities in respect of payment of club dues by club members.

1. The huge outstanding dues of club members including default amounts had been a matter of concern for the management of the club. For example: the outstanding dues of club members as on 31.03.2017 was over **Rs. 59,00,000**. The default amount of club members as on 30.05.2017 was over **Rs. 20,00,000**. It may kindly be appreciated that attempt has been made to clear the outstanding dues of club to suppliers on a weekly basis and in some cases like the Beverages Corporation, the dues are paid in advance before lifting of stock of alcoholic beverages. It may also be kept in mind that the interest component on the credit facilities given in the past was not built into the costing of various goods and services provided.
2. However and irrespective of the mentioned facts what has made it mandatory to stop all credit facilities from being given to club members for various goods and services provided by the club is the applicability of Goods and Services Tax (GST) which is applicable to Clubs with effect from 01.07.2017. Under this law the tax amount on the various goods and services provided to the club members, in a month is to be paid by 20th of the next month and default in deposit of GST shall attract interest and penalty which shall be an extra burden on the club.
3. Hence it is impossible for the club to give any credit facilities for goods and services provided to the club members in future. Keeping this in view it is proposed to amend/delete various provisions in the Articles of Association of the Club pertaining to the credit facilities in the following manner:
 - a. **Article-8**, of the Articles of Association relating to members subscription (the provisions of which is quoted in the annexure) may be completely deleted and may be substituted by the following:

8(a) "Member shall pay annual subscription, development fee and mutual benefit fund contribution (to whichever member applicable) as determined by the executive committee from time to time and such

payments shall be made well in advance before the beginning of the financial year to which such amounts relate.

The detailed modalities including the time limit for the above payment will be determined by the executive committee."

8(b) Monthly subscription for facilities like Tennis, Swimming, Gym, Squash, Badminton and Indoor Games shall also be paid in advance before the month to which they relate as per a dateline to be fixed by the Executive Committee.

- b. **Article 10(b)** of the Articles of Association pertaining to payment of club dues and payment facility (the provisions of which is quoted in the annexure) may be completely deleted and substituted by the following:

"10(b) All goods and services provided by the club will be against immediate payment by way of credit/debit card or cash or any modality decided by the executive committee.

10(c). The annual subscription, development fee, mutual benefit fund (if applicable) will also be paid by way of credit/debit card/ bank draft or any other mode of payment to be determined by the Executive Committee."

- c. In **Article 11** of the Articles of Association relating to cessation of membership (the provisions of which is quoted in the annexure) the following clause may be added :

"Article 11(ix) on non payment of club dues including annual subscription etc. as per procedure/modalities to be determined by the Executive Committee "

Until the applicability of the above mentioned provision in the Act is successfully challenged in the appropriate legal forum as mentioned above, Bhubaneswar Club will be liable to pay GST. Keeping this in view, I earnestly appeal to all club members to approve the proposed amendments outlined above in the interest of the survival of the club.


President