

**Government of Karnataka
(Department of Commercial Taxes)**

No. KSA/GST.CR-05/2019-20

Office of the Commissioner of Commercial Taxes
Vanijya Therige Karyalaya, Gandhinagar,
Bengaluru-560009, Dated: 02-05-2019.

COMMISSIONER OF COMMERCIAL TAXES CIRCULAR No. GST-05/2019-20

Subject: GST exemption on the upfront amount payable in for long term lease of plots, under Notification (12/2017) No. FD 48 CSL 2017, dated 29.06.2017.-reg.

Representations have been received seeking clarification regarding admissibility of GST exemption on the upfront amount which is determined upfront but is paid or payable in installments for long term (thirty years, or more) lease of industrial plots or plots for development of financial infrastructure under Sl. No.41 of Notification (12/2017) No. FD 48 CSL 2017, dated 29.06.2017.

2. The matter has been examined. The entry at S. No.41 of Notification (12/2017) No. FD 48 CSL 2017, dated 29.06.2017 reads as under:

Sl. No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
41	Heading 9972	“Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease (of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 50 per cent. or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.”	NIL	NIL

3. It is hereby clarified that GST exemption on the upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for long term lease (of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business under Entry No. 41 of Exemption Notification (12/2017) No. FD 48 CSL 2017, dated 29.06.2017 is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments, provided the amount is determined upfront.

4. This circular is clarificatory in nature and cannot be made use of for interpretation of provisions of law. If any member of trade has any doubt, he may refer the matter to this office for further clarification. All the members of trade and industry are requested to follow the procedure laid down in this regard as per law and as per the contents of this circular.



(SRIKAR M.S.)
Commissioner of Commercial Taxes
(Karnataka) Bengaluru

Commissioner of Commercial Taxes
Karnataka, Bengaluru.