THE AUTHORITY ON ADVANCE RULINGSIN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU – 560 009

Advance Ruling No. KAR ADRG 119/ 2019
Dated: 30thSeptember , 2019

Present:

1. **Sri. Harish Dharnia**,
   Additional Commissioner of Central Tax . . . Member (Central Tax)

2. **Dr.Ravi Prasad M.P.**
   Joint Commissioner of Commercial Taxes . . . Member (State Tax)

1.	Name and address of the applicant	M/s. MAARQ SPACES PVT. LTD., Unit No.409, Prestige Center Point, Cunningham Road, Bengaluru -560052
2.	GSTIN or User ID	29AAGCC1998Q1ZO
3.	Date of filing of Form GST ARA-01	31.05.2019
4.	Represented by	Sri . Sanjay Dhariwal Chartered Accountant
5.	Jurisdictional Authority – Centre	RANGE-CND3 (Jurisdictional Office)
6.	Jurisdictional Authority – State	NA
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000-00 under SGST Act and Rs. 5,000-00 under CGST Act vide CIN No. HDFC 19052900349924, dated 28.05.2019.

ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 AND UNDER SECTION 98(4) OF THE KARNATAKA GOODS AND SERVICES TAX ACT, 2017

1. M/s. Maarq Spaces Pvt. Ltd., (hereafter referred as Applicant) Unit No.409, Prestige Center Point, Cunningham Road, Bengaluru -560052, having GSTIN number 29AAGCC1998Q1ZO filed an application for Advance

Ruling under Section 97 of the CGST Act,2017 and Section 97 of the KGST Act, 2017 in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act 2017and the KGST Act 2017.

2. The Applicant is a Private limited Company, registered under the Goods and Services Act, 2017, engaged in the business of property development. The Applicant submitted that he has entered into a Joint Development Agreement on 08/11/2017 with Landowners for development of land into residential layout along with specifications and amenities. The consideration was agreed on revenue sharing basis in the ratio of 75% for Landowner and Agreement Holder and 25% for Applicant.Cost of the development shall be borne by Applicant. Pursuant to JDA, Applicant had entered into an agreement with customers for sale of developed plots for consideration.

3. In view of the above, the applicant has sought advance ruling in respect of the following question:

1. Whether the activity of development and sale of land attract tax under GST?
2. If the answer to the question no.1 is yes, for the purpose of taxable value, whether provision of rule 31 can be made applicable in ascertaining the value of land and supply of service?

4: APPLICANT'S INTERPRETATION OF LAW

4.1 The Applicant submits that, Section 9 of the Karnataka Goods & Service Tax Act, 2017 (KGST Act) and the Central Goods and Service Tax Act, 2017 (CGST Act)are the main charging sections which levy tax on all intra-state supplies of goods or service or both. The word "Supply" is defined inSection 7 of the Act as under;

"7. Scope of Supply –

(1) For the purpose of this Act, the expression "supply"includes –

(a) All forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

(b) Import of service for a consideration whether or not in the course or furtherance of business; and

(c) The activities specified in Schedule I, made or agreed to be made or agreed to be made without a consideration

(1A) Certain activities or transactions, when constituting a supply in accordance with the provisions of sub-section (1), shall be treated either as supply of goods or supply of services as referred to in Schedule II.

(2). Notwithstanding anything contained in sub-section (1) –

(a) Activities or transactions specified in Schedule III; or

(b) Such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

(3) Subject to the provisions of sub-section (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as-

(a) a supply of goods and not as a supply of services; or

(b) a supply of services and not as a supply of goods."

4.2 As per entry 5 of the Schedule IIIrelating to "Activities or transactions which shall be treated neither as a supply of goods nor a supply of services" which reads as under

"Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building"

4.3 The applicant states that on combined reading of the above provisions it is understood that, sale of land is excluded from the scope of **"supply",** under Entry No. 5 of Schedule III.

4.4 Further the applicant submits that expressions "composite supply" & "Principal Supply" have been defined under sub-section (30) & (90) of Section 2 as under;

Section 2(30) *"**"Composite Supply"** means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply"*

Section 2(90) *"**"Principal Supply"** means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary."*

4.5 The applicant also submitted that on combined reading of the above provisions, it is understood that, where transaction or activity involves supply of two or more supplies and one of which is principal supply i.e., a supply which constitutes the predominant element when compared to other supplies. In such situation each supply will not be treated as separate supply, but become single supply one is called **predominant supply**, and other supplies become incidental or ancillary to the predominant supply. Applicant further submitted that applying the same principle to the facts of the Applicant where the predominant supply is land and development activity is incidental to the sale of land. Moreover, the development activity is naturally bundled with sale of land in other words it is integrally

connected with sale of land, therefore Applicant is of the view that, sale of **Developed Plot** is nothing but sale of land, which fall under Entry 5 of III Schedule to the Act, therefore does not attract tax under GST.

4.6 Further the applicant submits that, as per sub-section (5) of Section 32 of Karnataka Urban Development Authorities Act, 1987, wherein it provides that, person who forms layouts is required to transfer the ownership of the roads, drains, water supply mains, parks and open spaces, civic amenity areas to the authority, permanently without claiming any compensation thereof. The relevant provision is re-produced as under;

> ***"Section 32 Formation of new extension or lay-outs or making new private streets.–***
>
> *(1) Notwithstanding anything to the contrary in any law for the time being in force, no person shall form or attempt to form any extension or lay-out for the purpose of constructing building thereon without the express sanction in writing of the Authority and except in accordance with such conditions as the Authority may specify*
>
> *Provided that where any such extension or layout lies within the local limits of a local authority, the Authority shall not sanction the formation of such extension or lay out without the concurrence of the local authority.*
>
> *Provided further that where the local authority and the Authority do not agree on the formation of or the conditions relating to the extension or layout, the matter shall be referred to the Government, whose decision thereon shall be final.*
>
> *(2) Any person intending to form an extension or layout, or to make a new private street shall send to the Commissioner*

a written application with plans and sections showing the following particulars: -

(a) the laying out of the sites of the area upon streets, lands or open spaces;

(b) the intended level, direction and width of the street;

(c) the street alignment and the building line and the proposed sites abutting the streets;

(d) the arrangement to be made for levelling, paving, metaling, flagging, channeling, swearing, draining, conserving and lighting the streets and for adequate drinking water supply.

(3) The provisions of this Act and any rules or bye-laws made under it as to the level and width of streets and the height of buildings abutting thereon shall apply also in the case of streets referred to in sub-section (2) and all the particulars referred to in that sub-section shall be subject to the approval of the Authority.

(4) Within six months after the receipt of any application under sub-section (2), the Authority shall either sanction the forming of the extension or layout to be in conformity with the guidelines to be issued by the Government or making of street on such conditions as it may think fit or disallow it or ask for further information with respect to it.

(5) The Authority may require the applicant to deposit, before sanctioning the application, the sums necessary for meeting the expenditure for making roads, side drains, culverts, underground drainage and water supply and lighting and charges for such other purpose as such applicant may be called upon by the Authority, provided

the applicant also agrees to transfer the ownership of the roads, drains, water supply mains, parks and open spaces, civic amenity areas laid out by him to the Authority, permanently without claiming any compensation therefor."

4.7 In order to comply the above provisions, the applicant had executed a relinquishing deed on 21.04.2018 & Rectification deed dated 24.05.2018 infavour of Chikkaballapur Urban Development Authority.

4.8 Perusal of the above provisions, the applicant is of the view that, where law requires the applicant to transfer the ownership on the developmental works such as roads, drains, water supply mains, parks and open spaces, civic amenity areas, therefore the applicant cannot have agreement for supply of service but can only enter agreement for sale of land.

5. With regard to second question, the applicant states as under

5.1 Without prejudice to the submissions made in question no.1, Applicant submits that, though the price agreed with customers include cost of land as well as cost of development, there shall be levy of tax only on supply of service or goods or both but not on sale of land. The applicant refers to section 7 and clause 5 of Schedule III to the CGST Act.

5.2 On combined reading of the above provisions it is understood that, sale of land is excluded from the scope of **"supply",** under Entry No. 5 of III Schedule. Therefore, irrespective whether the transaction is divisible or indivisible, sale of land shall be excluded from levy of GST.

5.3 For the purposes of ascertaining the value of land and supply of service the Applicant refers to Rule 31 of CGST Rules, which reads as under;

"31. Residual method for determination of value of supply of goods or service or both – *Where the value of*

supply of goods or services or both cannot be determined under rule 27 to 30, the same shall be determined using reasonable means consistent with the principles and the general provisions of Section 15 and the provisions of this Chapter."

5.4 The applicant is of the view that, provisions of Rule 27 to 30 do not apply to the applicant's transaction, therefore the value shall be determined as per Rule 31 of CGST Rules, applying the reasonable means and consistent with the principles.

5.5 The term "reasonable" means having sound judgement, fair and sensible, as much as is appropriate or fair; moderate etc.,

As per Cambridge Dictionary "reasonable" mean based on or using good judgement and therefore fair and practical.

Dictionary meaning of "reasonable" is that which is agreeable to reason not absurd, within the limits of reason. The expression "reasonable" therefore means rational, according to the dictates of reason and not excessive of immoderate.

5.6 Applying the above principle to the facts of the case, the applicant is of the view that, in order to comply the provision of section 7 read with entry 5 of Schedule III, exclusion of land value based on market value from total consideration or levy of tax only on the development charges based on the market value or cost plus reasonable profit shall be the reasonable means consistent with the principle.

PERSONAL HEARING: / PROCEEDINGS HELD ON 12.06.2019

6. Sri. Sanjay Dhariwal, Chartered Accountantand the duly authorised representative appeared for personal hearing proceedings on 12.06.2019, before this authority and reiterated the submissions already made along with the application.

FINDINGS & DISCUSSION:

7. The following facts of the case along with the submissions of the applicant have been examined and considered in the matter.

7.1 The applicant has entered into a joint development agreement with the landowners. In terms of the agreement the applicant undertakes the development of plots. He also constructs roads, lays sanitary pipes and drains, etc and also bifurcates the land into sites and amenities. The revenue accruing from the sale of the plots is shared as per the agreement. After developing the land and formation of developed plots, the amenities like roads, etc. are handed over to the Authorities as per the Statutory requirement. The salient provisions contained in the agreement and having a bearing on the questions raised by the applicant are discussed in the following paragraphs.

7.2 Para 2 of the said agreement defines the scope of activities entrusted upon the applicant. Para 2.1 authorises the applicant to enter upon the property and develop it into a residential layout. The attending obligations and limitations of the landowners and the applicant are discussed subsequently.

7.3 In pursuance to the agreement the applicant is required to carry out the following activities. Consequent to the irrevocable agreement the applicant enters the land and has the right to survey and fence the property and secure the same by placing security personnel and other means.

7.4 Para 4 provides that once the applicant has carried out the survey, they shall prepare the necessary plans/drawings/designs for the residential layout and provide the same to the land owners. The Landowners will consequently submit the plans to the Governmental Authorities to obtain the sanctioned plan. It is the landowners' responsibility to obtain all the required licences, sanctions, consents, permissions, no-objections and such other orders required for obtaining

the sanctioned plans. Once the landowners have obtained the required sanctions and permissions the applicant commences the development of the land.

7.5 Para 5 of the agreement spells out the development activities to be carried out by the applicant. The applicant carries out civil works such as surveys, fencing, leveling the land, laying roads, drains, pathways etc. The agreement further provides that the applicant is required to engage architects, engineers, contractors and other professionals and workmen to execute the development work and all these personnel shall be the developers employees and will not be deemed to be the landowners employees. It is worthwhile to mention here that Para 9.4 of the agreement qualifies that the applicant has the necessary experience and expertise as a land developer.

7.6 We further observe that Para 6 of the agreement provides for the cost of development. It is agreed upon by the applicant and the landowners that all the cost of the execution of the project subsequent to the receipt of the Sanctioned plan, including costs like fee payable to architects, engineers, workmen etc shall be borne by the applicant.The applicant is entitled to recover these costs from the purchasers of the plots. The cost payable for obtaining the licences and approvals shall be borne by the landowners.

7.7 The agreement further provides that once the project has been developed the applicant will ensure the sale of the plots within the specified period. Para 8 of the agreement provides for the revenue sharing arrangement. The applicant is entitled to a revenue share equal to 25% of the sale value of each plot.

7.8 It is further seen in the agreement in Para 10.7 that the applicant shall indemnify and hold the landowners harmless against any loss or liability or claims of persons with whom the Developer would have contracted for development/execution, sale, lease or transfer or otherwise in relation to the project.

7.9 Para 11.1 provides that the landowner alone shall be responsible for obtaining the approvals for the project. Further, para 11.5 provides that in so far as the title of the land is concerned it shall be the exclusive responsibility of the landowners for all the claims and demands arising in relation to the title. The landowners further undertake to protect the applicant and the applicant's nominee, including any prospective purchasers or prospective tenants and shall indemnify and hold the developer harmless against any loss, liability, cost, expenses, actions or proceedings and third party claims.

7.10 Para 19 provides that nothing in the agreement shall deem the relationship of the parties to be construed as a partnership, agency or otherwise and/or an agreement to sell but shall be construed strictly in accordance with the terms of the agreement.

7.11 The agreement also provides that the applicant can raise loan from financial institutions and in this regard the applicant shall be entitled to obtain loan facility based on the security of 25% of the undivided share in property, the applicants Revenue share including the development rights available to the applicant. This para further provides that the repayment of the borrowings and liabilities shall be the sole responsibility of the applicant.

8. After having examined the salient features of the agreement we visit the arguments put forth by the applicant while concluding their views about the first question.

8.1 The main thrust of the applicant is that they are primarily engaged in the sale of land and the said activity is not liable to be taxed in terms of the provisions contained in serial number 5 of Schedule III of the CGST Act, 2017.

8.2 The applicant further contends that the activity of development work carried out in respect of the land is an activity incidental to the sale of land. It is naturally bundled with the sale of land, constituting a

composite supply. And the predominant supply, being sale of land, is not liable to be taxed and consequently they are not liable to pay any tax on the entire activity.

9. The contentions of the applicant are examined in the light of the salient features of the agreement discussed in the preceding paragraphs.

9.1 The core contention of the applicant is that they are engaged in the sale of land. The sine qua non for any sale of land is the ownership of the land sold. The seller can claim that he is engaged in the supply of land by way of sale only if he himself enjoys the title of the land. Anyone who does not possess any title of the land cannot be considered as the seller. Such a person may have a role in the activity of sale but he cannot claim himself to be the seller. In the instant case the applicant understands that they have a right to 25 % of the total number of plots developed and the sale of these plots, as well as those of the landowners share, is covered under serial number 5 of Schedule III. We do not agree with this interpretation of the agreement by the applicant. We deconstruct the understanding and the arguments professed by the applicant in the following discussion.

9.2 The first and foremost point to understand is the actual nature of the activities required to be performed by the applicant in terms of the agreement. In this regard our first observation is that in Para 9.4 (a) the applicant represents himself before the landowners as a person having experience and expertise as a **land developer.**This representation is of critical importance. This shows that the core competence of the applicant lies in the field of converting a raw piece of land into a well developed residential layout by engaging themselves extensively in activities such as survey of the land, preparing a detailed map of the proposed layout, clearing/leveling the site, carrying out the construction of roads, laying of sewage/water pipelines, designing and creating common amenities etc. These activities change the nature of the barren land and give it a character of a marketable land. The scope of these activities is further

borne out in Para 5 of the agreement. The activities to be undertaken by the applicant are in the nature of development of land into residential layout. The agreement provides that the applicant can enter into sale agreements. However this activity is incidental to the main activity of development of land. The sale is entrusted to the applicant as the applicant has invested huge sums in the development of the land and it is a measure to protect his financial exposure in the matter. Here it becomes evident that the core competence and the activity actually carried out by the applicant is that of development of land and not the sale of land.

9.3 There are a good number of provisions in the agreement which indicate that the applicant has no right over the land and consequently the applicant cannot claim to be engaged in the activity of sale of land as envisaged in the provisions of entry at Serial number 5 of said Schedule III. The provisions of this entry will apply only to those persons who are the owners of the land and not to persons who are incidental to the sale of land.

9.4 The first provision in the agreement that we notice in this regard is contained in Para 2.6 of the agreement. It provides that nothing contained in the agreement shall be construed as delivery of possession in part performance of any agreement of sale. The applicant, therefore, under no circumstances acquires any right over the property which would qualify them to be considered as sellers of the property in the capacity of an owner, as envisaged in entry at serial number 5 of Schedule III.

9.5 Para 4.2 provides that the landowner alone shall apply to the government authorities to obtain sanctioned plans. The plain and clear meaning of this provision is that in the eyes of law the applicant is not recognized in respect of the legal approvals required for development of the land.Law recognizes that the landowners alone as the persons responsible for developing the land. The landowners have further engaged the applicant to develop the land in accordance with the approvals.In such a scenario the claim of the applicant that they are sellers of land is hollow and devoid of merit. At best the applicant assists the landowners

in the sale of plots which all belong to the landowners. The applicant has no right over the plots. The applicant only has a right to the extent of 25% of the amounts received on account of sale of the plots towards the cost of development incurred by them.

9.6 In Para 6 it is provided that the entire cost of development shall be borne by the applicant. This shows that the applicant is engaged in the activity of providing a certain service to the landowners and the landowners will compensate the applicant for the same in accordance with the terms of the agreement.

9.7 The revenue sharing arrangement in Para 8 of the agreement indicates that the applicant gets an amount on the sale of each individual plot.This shows that there are no fixed earmarked plots to which the applicant can claim an entitlement. Further the amount received on the sale of the plots is credited to an escrow account and then only the same is divided. This further shows that the applicant is not the owner of the plots and consequently cannot claim sale of the plots as his supply.

9.8 The provisions of the agreement related to indemnification in Para 12 provide that the applicant stands indemnified by the landowners on any issue related to the title of the land. This again shows that the applicant has no claim on the title of any portion of the land. Once they have no right vested in them, they cannot hold themselves out as sellers of land as envisaged in Entry 5 of Schedule III. In such an arrangement the applicant can only be considered to have extended their services to the landowners in the sale of the plots.

9.9 Para 20 of the agreement relates to raising of loan by the applicant in relation to the development of land. The applicant can raise loan on the basis of the security of 25% of the undivided share in the property. The agreement, in the same sentences qualifies that this represents the applicant's revenue share. This shows that the agreement recognizes the applicants right only in the form of revenue share to the extent of 25% of the cost of each plot sold.

9.10 On the basis of the aforementioned provisions of the agreement it

would be in order to conclude that activities undertaken by the applicant are not qualified to be covered under entry number 5 of Schedule III of the said Act. Thus the activities undertaken by the applicant amount to a supply of service and we answer the first question in the affirmative, i.e. the activities undertaken by the applicant, as envisaged in the agreement placed before the Authority, amount to a supply of service to the landowners and is liable to be taxed appropriately under the provisions of the CGST/KSGST Acts.

(The classification of the service is not discussed because the applicant has not asked any question about the same. The question was limited to the point whether their activity amounts to sale of land and thus not taxable under GST on account of Entry No. 5 of Schedule III. We have answered that. So I think we should not venture into the classification of the service.)

10. The second question raised by the applicant relates to whether provision of Rule 31 can be made applicable in ascertaining the value of land and supply of service for the purpose of taxable value if their activity is held liable to tax under GST.

10.1 The applicant contends that in the event their activity is liable to be considered as a supply and is held taxable, then the taxable value of their supply cannot be determined in terms of Rules 27 to 30 and shall consequently be determined by Residual method under Rule 31 of the CGST Rules, 2017.

10.2 The terms of the agreement at Para 6 provide that the cost of execution of the development of the land including the cost of fee payable to the architects, contractors, staff , workmen etc shall be borne by the applicant. Further Para 6.1 provides that the applicant recovers the cost from the purchasers of the plots. In this regard the provisions of Para 8 dealing with revenue sharing are worth noting. Para 8.1 provides that as and when any plot is sold, the proceeds shall be divided between the

applicant and the landowners in the given ratio. This shows that the charges that the applicant receives for the services provided by them to the landowners for the development of the land are equal to their revenue share when the plots are sold. Now we look at the definition of 'Consideration' as enumerated in Section 2(31) of the Act. It is stated therein that *"consideration" in relation to supply of goods or services or both includes any payment made or to be made, whether in money or otherwise, in respect of , in response to, or for the inducement of, supply of goods or services or both,* ***whether by the recipient or by any other person*** .... .

10.3 In this context we see that the applicant receives consideration equal to 25% of the value at which each of the plots is sold. This amount constitutes the consideration for the services provided by the applicant. Section 15 of the CGST Act, 2017 provides that the value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply where the supplier and the recipient are not related and the price is the sole consideration. It is seen here that the applicant does not get any physical possession of 25% of the plots as understood by the applicant. The agreement provides that the applicant gets 25% of the amount at which each of the plots is sold. This shows that the consideration that the applicant receives is in the form of money and not in the form of land. The only peculiar feature of this arrangement is that the landowners do not arrange any cash amount on their own to pay to the applicant for their services. They do not have to invest any personal amount in this manner and as and when a plot is sold the amount is shared and the applicant receives a part of their consideration. In this manner the applicant gets paid his consideration progressively. Therefore in terms of the provisions of Section 15 the applicant receives the value of taxable supply made by them.

10.4 Rule 27 deals with the determination of Value of supply of goods or services where the consideration is not wholly in money. In the present case the entire consideration is received in money form. Therefore this Rule does

not apply to the present case. Rule 28 is applicable for determination of value of supply of goods or services or both between distinct or related persons, other than through an agent. The distinct persons are as defined in sub section (4) and (5) of Section 25. In the present transaction there are no distinct persons as defined in sub section (4) and (5) of Section 25 are involved. Therefore Rule 28 also does not apply. Rule 29 and 30 also do not apply in the case. Consequently Rule 31 comes into play in the instant case. Rule 31 provides that where the value of supply of goods or services or both cannot be determined under rules 27 to 30, the same shall be determined using reasonable means consistent with the principles and the general provisions of section 15.

10.5 Section 15, as already discussed in para 10.3 above, provides that the value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply where the supplier and the recipient are not related and the price is the sole consideration. In the instant case what the applicant receives as their remuneration for the provision of the services of development of the land and their subsequent activities related to the sale of the plots is an amount equal to 25% of the open market value of each plot. The arrangement is that the applicant shall get the amount only as and when the plots are sold. As already discussed earlier this arrangement, where the applicant gets paid for their services only upon the sale of the plots, enables the landowners to not to spend their financial resources to pay the applicant for their services. The applicant gets 25% of the amount collected from the plot purchasers. This amount constitutes their consideration for their services rendered to the landowners. The contention of the applicant, as mentioned in Para 5.3, that the land cost should not be included in the value and only the cost of the services should be considered for levy of tax is not acceptable. Consideration for a service is the total value that the service provider gets in the deal and not what the service provider expends for the provisioning of the service. The total gain to the applicant or the total amount accruing to the applicant for the services is 25% of the amount at which the plots are sold. It has already

been emphasised and held that the applicant has no right in the title of the land and therefore the applicant cannot be considered as the sellers of the plots. Their role is limited to aiding and assisting the landowners in the sale of the plots. They are only service providers in the whole process, be it development of the raw land into residential plots or their sale after the development. Therefore the entire amount received by them is liable to be taxed.

11. In view of the foregoing, we rule as follows

RULING

Q No. 1: The activities as envisaged in the agreement between the applicant and the landowners amount to supply of service and is liable to be taxed under GST.

Q No. 2: Rule 31 applies in the instant case and the value of the supply is equal to the total amount received by the applicant, which is equal to 25% of the market value of each plot.

30/09/2019

(Harish Dharnia)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

(Dr. Ravi Prasad. M.P.)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

Place: Bengaluru.
Date: 30.09.2019.

To,

The Applicant

Copy to :

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Bangalore North Commissionerate, Bengaluru.
4. The Asst. Commissioner, LGSTO-25 A ,Bengaluru.
5. Office Folder.

Authority For Advance Ruling ★ Karnataka, Bengaluru ★