

**GIB/TN/SREE VARALAKSHMI/25-11-2019/AAR-298**

**Advance Ruling Category :** Input Tax Credit

**State :** Tamil Nadu

**Order No.:** GIB/TN/SREE VARALAKSHMI/25-11-2019/AAR-298

**Name of Entry :**

Sree Varalakshmi Mahaal LLP

**Date :** 25-11-2019

**Breif Issue :**

**Facts & Issue of The Case:**

The applicant is engaged in leasing out the building (Marriage Hall) with all amenities for short term period. The applicant has sought Advance Ruling on the following question:

- Whether the Input Tax Credit against purchases of materials construction of building materials can be claimed and utilize to nullify the cascading effect of taxation?

As per the applicant they have spent several crores of amount as investment in construction of Marriage hall and other all auxiliary amenity buildings. Material like steel, cement, sand, aluminum etc , which are purchased / received for such construction are taxable under the CGST, SGST & IGST Acts and as such the applicant has paid about Rs. 2 crores approximately towards payment of CGST, SGST & IGST levies. It is stated by the applicant, that they are prevented from taking the credit of input tax paid as per section 17(5) (d) of the CGST Act 2017.

Section 17(5) (d) provides that no ITC is available in respect of any goods or services received by a taxable person for construction of an immovable property on his own account even if such inputs and input services are used in the course and furtherance of business. The input tax paid on the goods/services received for construction of an immovable property 'on one's own account is unavailable. The restriction is provided in the Act which is passed by the Legislature. The power to restrict flow of credit exists under Section 16(1) of the GST Act, which shows a Legislative intent that Input Tax credit may not always be allowed partially or fully.

**Decision of Advance Ruling Authority :**

**Decision :**

No Input Tax Credit is available against any goods or services received by the applicant for construction of the Marriage Hall on his own account even if used in course or furtherance of

his business of renting the place.