

GIB/KA/MAARS SPACE/31.05.19/AAR-14

Advance Ruling Category : Taxability

State : Karnataka

Order No.: GIB/KA/MAARS SPACE/31.05.19/AAR-14

Name of Entry :

M/s. MAARS SPACES PVT. LTD.

Date : 31-05-2019

Product/ Service Involve :

Joint Development Agreement

Breif Issue :

CASE

The Applicant 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 will be share in ratio of 75% on revenue for Landowner and 25% for Applicant. The development cost shall be borne by the Applicant. Pursuant to JDA, Applicant had entered into an agreement with customers for sale of developed plots for consideration. Applicant raised following questions.

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?

Order No.- KAR ADRG/ 119/2019

Decision of Advance Ruling Authority :

Decision of AAR

The Karnataka bench of the Authority on Advance Rulings (AAR) has said that the activities envisaged under the joint development agreement (JDA) between a property developer and a land owner wherein the former is involved in converting a barren land into something that is marketable and habitable amounts to a supply of service to the latter and is therefore liable to be taxed under GST at the rate of 18 percent.