

GIBTN/KARA PROPERTY/21.01.2019/AAR-226

Advance Ruling Category : Taxability

State : Tamil Nadu

Order No.: GIBTN/KARA PROPERTY/21.01.2019/AAR-226

Name of Entry :

Kara Property Ventures LLP

Date : 21-01-2019

Breif Issue :

Issue & Fact of the Case:

What is the value of supply of services provided from July 1, 2017 in terms of the provisions of CGST Act 2017 read with notification no 11/2017-central tax rate?

The applicant is engaged in the business of construction activities having residential project by the name of 'One crest' in Chennai.

The Applicant has stated that **Schedule II of CGST Act** specifies that supply related to construction of a complex or building is treated as supply of service except where full consideration has been received after issuance of completion certificate and under **Section 15(5) of CGST Act**, the government has notified the value of such supply of service vide **N/N 11/2017-CT (Rate) dated 28.06.2017**(as amended from time to time).

They enter into a separate agreement with the customers for the sale of undivided share in the land (land agreement) and construction of a super structure on the said land.

On receipt of total sales consideration, deed of sale is executed and registered in favour of customers for transferring the ownership of undivided share in land to the customer. it is seen that when a customer purchases the unit, they also purchase a portion of the land.

As per N/N 11/2017-CT (Rate) dated 28.06.2017 as amended and No.II(2)/CTR/532(d-14)/2017 vide G.O. (Ms) No. 72 dated 29.06.2017 as amended provides the applicable rate of CGST and SGST in respect of construction of complex or building covered under entry 5(b) of Schedule III of CGST Act, 2017 and TNGST Act respectively. **As per paragraph 2** supply of service specified in column (3) of the entry at item (i) against serial no. 3 transfer of property in land or undivided share of land, as the case may be, the value of supply of service and goods portion in such supply shall be equivalent to the total amount charged for such supply less the value of land or undivided share of land, as the case may be, and the value of land or undivided share of land, as the case may be, in such supply shall be

deemed to be one third of the total amount charged for such supply.

For the purposes of paragraph 2, “total amount” means the sum total of-

- (a) consideration charged for aforesaid service; and
- (b) amount charged for transfer of land or undivided share of land, as the case may be.

Decision of Advance Ruling Authority :

Decision:

The value of supply of services provided by the applicant in the project ‘One Crest’ in Chennai wherein applicant enter into two separate agreements, one is sale of undivided share of land and the other for construction with the customers. The measure of the levy of GST on the supply of service of construction shall be $\frac{2}{3}^{\text{rd}}$ of the total value charged for construction service and amount charged for transfer of undivided share of land.