

Overview of implication of GST On REAL ESTATE- Land Development



#292, 12th Main Road, 2nd Block, BSK 1st Stage, Hanumanth Nagara, Bangalore – 560050

Mobile: +91 9880341398 / +919701003999 | **Email:** info@krutinadvisors.com

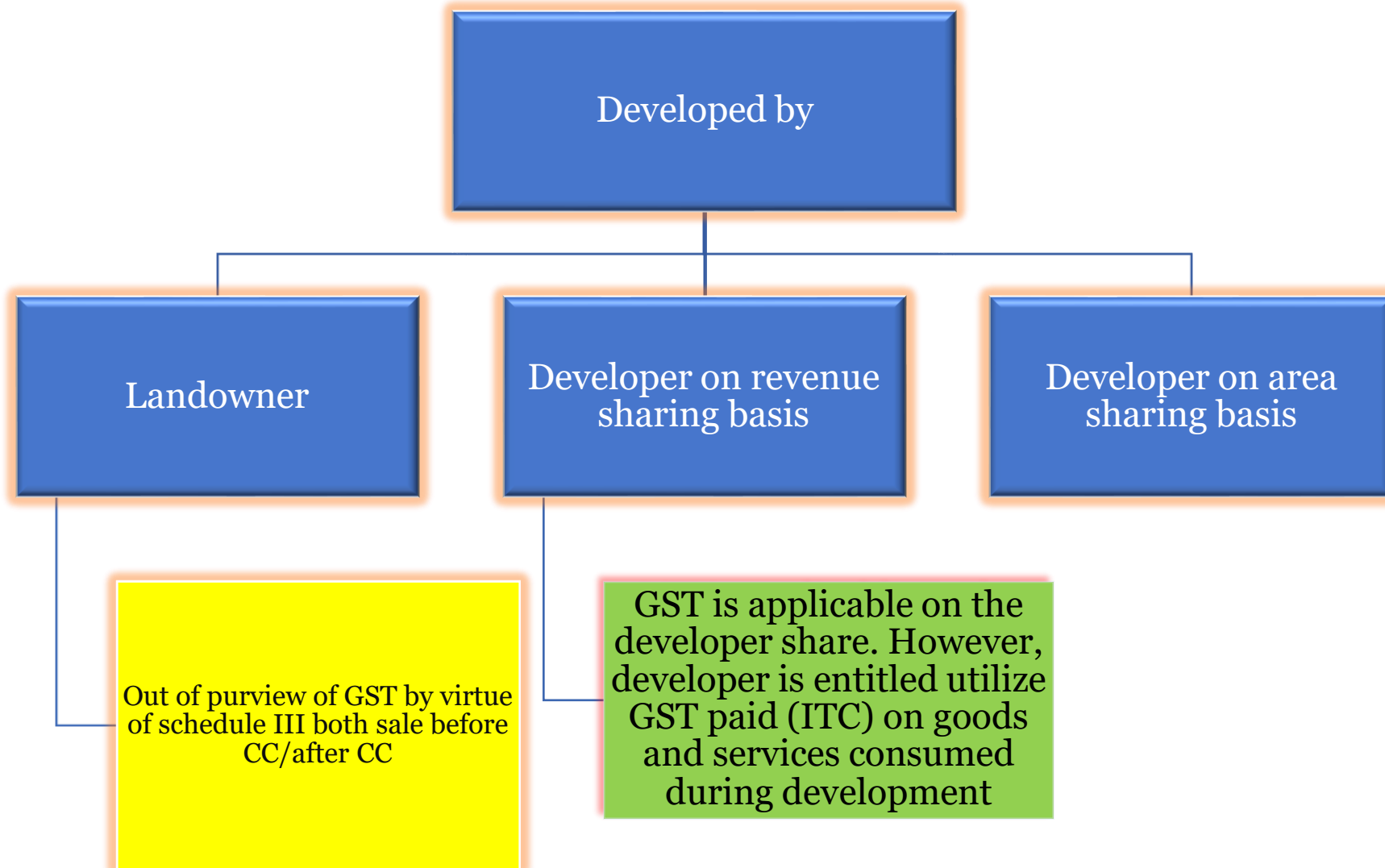


Glossary

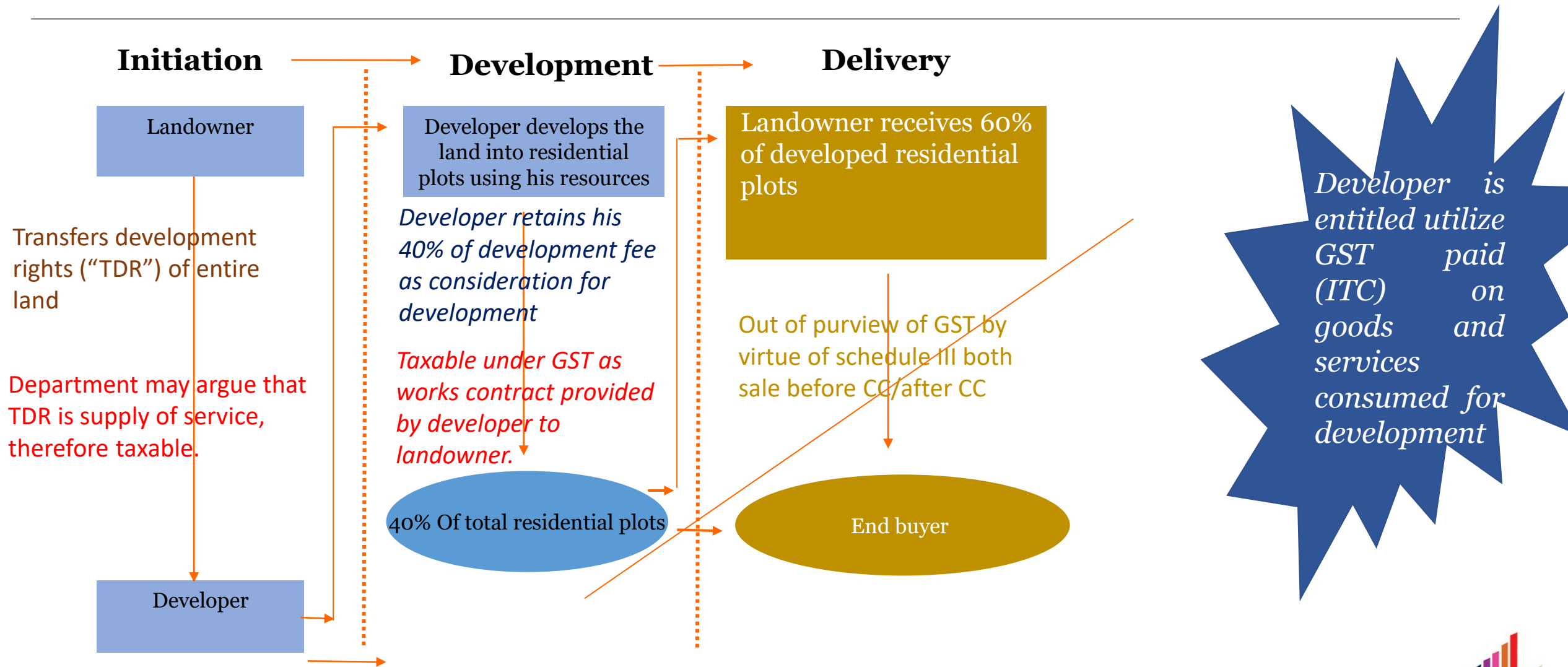
Term Used	Meaning
JDA	Joint Development Agreement
GST	Goods and Services Tax
ITC	Input Tax Credit
CC	Completion Certificate



Types of development



JDA on area sharing basis



Illustration

Question:

Mr. A Land Owner enter into a JDA with Mr. B to develop law of land into residential plots. As per the said contract Mr. B Develops the land into 20 plots of same size after transferring Civic Amenity land, garden and roads to municipal authorities. Out of 20 plots 12 plots are transferred back to landlord and 8 plots are retained by the developer. 6 plots owned by land owner and 4 plots owned by developer are sold prior to completion of development at Rs. 10 Lac each.

ITC paid on goods and service consumed in the course of land development in INR 3,50,000.



Illustration continued

Answer:

Assuming TDR is not taxable as same amounts to transfer of land

Land Development activity carried out by developer is taxable supply provided by developer to land owner consideration is received in the form of 8 residential plots. Plots sold by both developer and land owners shall be treated as sale of land and therefore out of purview of GST.

GST to be paid by developer in INR

Value of 8 Plots	=80,00,000
Rate of GST	=18%
Output GST	=14,40,000
Less: ITC Paid	=(3,50,000)
Net GST payable	=10,90,000



REACH US

❑ You may contact us over emails or phone -

Email id :

info@krutinadvisors.com

Phone :

CA Kowshik Bhat : +91 98803 41398

CA Harsha Guttal : +91 9071003999

❑ Our office is easily accessible -

Bangalore

Krutin Advisors LLP

#292, “Sajjani”,

12th Main Road, Banashankri, 1st Stage, 2nd Block,

Bangalore – 560050

Hubli

Krutin Advisors LLP

13, Gurudeva Landmark, 80 Feet Road,

Shirur Park, Vidya Nagar,

Hubballi - 580021

