

ITC not available on GST paid for transfer of rights of industrial plot for construction of immovable property: The AAR, Gujarat

Fact of the Case

The applicant purchased rights of an industrial plot situated in an industrial estate from transferor. The transferor charged GST at 18% on the sale of transferring the rights of the industrial plots by executing the deed of assignment. It filed an application for advance ruling to determine whether it would be entitled to claim ITC.

Decision of the Case

The Authority for Advance Ruling observed that the applicant purchased rights of industrial plot from transferor and building would be constructed after land was acquired on lease. The legislature has clearly expressed its intent that ITC shall not be available in respect of services pertaining to land received by a taxable person for construction of an immovable property even when such services are used in course or furtherance of business. Therefore, GST amount paid by applicant on leasing services received was blocked credit vide section 17(5)(d) and thereby ineligible for availment of ITC.