



### **Sub-dividing larger land to smaller plots for sale, not 'supply'**

Goa AAR rules that "land is excluded in entirety and in all circumstances" from the scope of supply and thus, sale of plot (or subdivided plot of lands) is not a 'supply' under the GST Act; Notes that, Applicant, a real-estate developer, has acquired certain parcel of lands and in its capacity as owner, has proposed a value-addition by sub-dividing larger land into two plotting schemes/project so as to sell smaller plots to buyers; Derives that as a pre-condition for getting the NOC from Mormuga Planning and Development Authority for plot development, the Applicant needs to construct roads and drains and re-align/add electricity poles when necessary in Valley & Hills Project, though there was no such necessity in Waddo project; Agrees that "plot when purchased as a parcel of land, subdivided into smaller plots saleable with basic amenities involves sizable amount of value addition" and "before OC, it is land and after OC, it will be plot" ; Further, opining that "it is beyond doubt that there is a contract between probable buyer and seller of sub-divided plot", lays out certain pertinent points relating to the transaction; In said conditions, ruling out the applicability of entry 5(b) of Schedule in the instant case, elucidates that the principal transaction here is the 'sale of land' and the amenities are a natural part of the sale of the plot of land and thus, these do not, in anyway change, the nature of the land or of the transaction or activity being that of sale of land; Consequently, infers that mere value addition done to land to convert it into plot after NOC by relevant Development Authority will not change the land from immovable property and to goods taxable under the cover of 'supply'.



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