



**AAR: No GST on conversion/development of land into residential sites/plots for sale**

Karnataka AAR rules that GST is inapplicable on consideration and advance received for sale of residential plots/sites proposed to be converted by Applicant from own land; Further, GST is also not applicable on said sale even when the plots/sites are sold after completion of works related to basic necessities; Applicant submits that they develop the land as per regulations of District Town and Country Planning Act which includes formation of roads, formation of rain water drains, laying of electricity cables, water pipes, sewerage lines, drilling of borewells, construction of water tanks, setting up of power sub-station, without which the concerned authorities will not grant permission to sell plots to individuals for construction of houses; Derives that, sale of land is listed under entry no. 5 of Schedule III of CGST Act which enumerates activities or transactions which shall be treated neither as a supply of goods nor a supply of services; Takes note of recent CBIC Circular No. 177 dated August 3, 2022:AAR KAR