



Sale of developed land for smart city development not exigible to GST

Madhya Pradesh AAR rules out applicability of GST on sale of developed land holding that it “cannot be bought and sold as something distinct and separate from the plot of land”; Holds that, sale of developed land by applicant where the development work is limited to providing common amenities (common drainage, water line, electricity line, land levelling, road and street light) where no development work will be done after the sale of developed land and no advance from customer for undertaking development activities is taken, does not constitute a supply within the meaning of section 7 of GST Laws and therefore, GST is not applicable on such sale; Determines if the supply by applicant is of something other than land and states that the sale of plot by Applicant is after carrying out the development activities or providing amenities, thereby, concludes that “This development work does not get transferred to the buyer of the plot of land....Thus, in this case, the subject matter of sale is the land only and not the development work done”; In this context, refers to definition of ‘Land’ as contained in Land Acquisition Act, 1894, and infers that development work on plot of land being sold is subsumed in land itself and ceases to have a separate identity, further, interpreting the term in popular sense, derives that “In the Trade Parlance developed land is also known as land”; Further, notes that, there are easement rights and right of way to be granted, which further show that there is no collective ownership of common amenities with the plot owners or any association of such plot owners; Accordingly, clarifies that development of land i.e. provision of common amenities is not akin to construction of a complex or building and to corroborate this conclusion relies on Principles of Interpretation of Statutes, Deeds and Documents which enumerates that “a statute cannot be interpreted literally if it would lead to an absurd result”.