

M/s. Inox Air Products Private Limited

Appellate Authority for Advance Ruling — Tamil Nadu

Order-in-Appeal No. AAAR/04/2026 (AR)

Dated 18.03.2026

Q Questions Before the Authority

- Whether they would be entitled to avail and utilize Input Tax Credit (ITC) of Goods and Services Tax (GST) charged by India Pistons Limited (IPL) if such transaction is considered to be a supply.

F Facts

The Appellant entered into an agreement with India Pistons Limited (IPL) to acquire leasehold rights for a portion of land to set up an Air Separation Unit (ASU) for the manufacture of industrial gases. The Appellant sought an advance ruling on whether they are entitled to claim Input Tax Credit on the GST charged by IPL for this transfer of leasehold rights. The lower authority had previously denied the credit, and the matter was remanded by the High Court for de novo consideration.

H Ruling

Eligibility of ITC on GST charged by IPL for transfer of leasehold rights

Not entitled to avail and utilize ITC

Restricted under Section 17(5)(d) of the CGST/TNGST Acts, 2017

The Appellate Authority ruled that the Appellant is not entitled to avail and utilize the Input Tax Credit of GST charged by IPL. The authority concluded that the service received is for the construction of an immovable property on the Appellant's own account, which is blocked under the relevant provisions of the GST law.

R Reasoning

The authority determined that the acquisition of leasehold rights is for the purpose of constructing an Air Separation Unit, which constitutes the construction of an immovable property on the Appellant's own account. It relied on the **Explanation to Section 17(5)** of the CGST Act, which includes 're-construction, renovation, additions or alterations' under the definition of construction. The authority further held that the installation does not qualify as 'plant and machinery' under the statutory definition, as it is intended for the permanent beneficial enjoyment of the land. Consequently, the **input tax credit is blocked** under Section 17(5)(d) of the CGST Act.

P Provisions Relied On

Section 17(5)(d) of the CGST Act, 2017

Explanation to Section 17(5) of the CGST Act, 2017

Section 101(1) of the Tamil Nadu Goods and Services Tax Act, 2017



For the Practitioner

This ruling clarifies that GST paid on leasehold rights for land intended for the construction of a manufacturing facility is **ineligible for Input Tax Credit**. It reinforces a strict interpretation of the construction-related block under Section 17(5)(d). Practitioners should note that the authority distinguishes this from cases involving purely movable plant and machinery, emphasizing that the **intended permanent use of the land** is a critical factor.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> inox air products india pvt ltd aaar order-3.pdf

Prepared 12-10-2026.

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