

M/s Greentech Mega Food Park Pvt. Ltd.

Authority for Advance Ruling — Rajasthan

RAJ/AAR/2019-20/10 dated 28.05.2019

Q Questions Before the Authority

- Whether the Lease Agreement between the Applicant Company i.e. the lessor and the Lessee for a period of 99 years is a Sale of immovable property and outside GST and is exempt from levy of GST?
- If the present transaction of giving land on lease of 99 years is taxable under GST, then at what rate and what HSN Code is applicable?

F Facts

The applicant is a special purpose vehicle established to set up a Mega Food Park. It intends to enter into lease agreements for 99 years with various industrial units for developed plots. The applicant contends that this long-term lease constitutes a sale of immovable property and is therefore outside the scope of GST.

H Ruling

Whether 99-year lease is a sale of immovable property outside GST	No, it is a supply of services	The transaction is taxable under GST
Applicable tax rate and HSN code	HSN 9972, GST @ 18% (9% CGST + 9% SGST)	None

The Authority ruled that the 99-year lease agreement does not constitute a sale of immovable property but is a supply of services. Consequently, the transaction is taxable under the GST regime. The lease is classifiable under HSN 9972 and attracts GST at the rate of 18%.

R Reasoning

The Authority relied on Section 7 of the CGST Act, which defines supply to include lease or rental of land. It noted that Schedule II of the CGST Act explicitly classifies any lease, tenancy, or license to occupy land as a supply of services. The Authority rejected the applicant's argument that the long-term nature of the lease equates to a sale, citing the Transfer of Property Act and relevant judicial precedents. It concluded that the transaction falls under HSN 997212, attracting the standard GST rate for such services.

P Provisions Relied On

Section 7 of the CGST/SGST Act, 2017

Schedule II of the CGST/SGST Act, 2017

Section 105 of the Transfer of Property Act, 1882

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017

! For the Practitioner

This ruling clarifies that **long-term lease agreements** for industrial plots, even for periods as long as 99 years, are treated as a **supply of services** under GST rather than a sale of immovable property. It settles the taxability of such arrangements for developers of industrial parks. Practitioners should note that this decision confirms the **taxability at 18%** for such leases, distinguishing them from specific government-led infrastructure exemptions.

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 -> [raj.aar-2019-20_10-gmfpl.pdf](#)

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