M/s. Deendayal Port Trust (erstwhile Kandla Port Trust)

Authority for Advance Ruling — Gujarat

ADVANCE RULING NO. GUJ/GAAR/R/02//2020 (in Application No. Advan… Dated **11.03.2020**

Q Questions Before the Authority

- Whether input tax credit is available on programme management consultancy used for developing the Smart Industrial Port City (SIPC) at Kandla.
- Whether input tax credit is available on marketing consultancy used for developing the SIPC.
- Whether input tax credit is available on land levelling and other related works for developing the SIPC.
- Whether input tax credit is available on roads constructed for the SIPC.
- Whether input tax credit is available on water, electricity and drainage infrastructure for the SIPC.
- Whether input tax credit is available on other related works for developing the SIPC.

F Facts

The applicant, a major port trust at Kandla, is developing a Smart Industrial Port City (SIPC) across two land parcels within the Gandhidham-Kandla-Adipur complex under the Sagarmala project, at the direction of the Ministry of Shipping. It is incurring project development expenses for programme management, marketing, land levelling, roads, water, electricity and drainage infrastructure, and other related works. After development it proposes to auction the land for 60 or more years against a one-time upfront premium, which it treats as taxable under Real Estate Service (HSN 9972).

H Ruling

Programme management consultancy for SIPC	**Input tax credit NOT available**	Covered by the single ruling on the six listed services; treated as used for construction of an immovable property.
Marketing consultancy for SIPC	**Input tax credit NOT available**	Covered by the single ruling on the six listed services; treated as used for construction of an immovable property.
Land levelling and other related works	**Input tax credit NOT available**	Covered by the single ruling; the order does not separately analyse land levelling.
Roads	**Input tax credit NOT available**	Covered by the single ruling; the order does not separately analyse roads.
Water, electricity and drainage infrastructure	**Input tax credit NOT available**	Covered by the single ruling; the order does not separately analyse these works.
Other related works for developing SIPC	**Input tax credit NOT available**	Covered by the single ruling; the category is undefined in the order.

The authority held that the SIPC project is the construction of an immovable property. Input tax credit is therefore **not available** on any of the six project development services listed, because they are services used for

construction of an immovable property and are denied under Section 17(5)(c) and (d) of the CGST Act. The ruling was given by a two-member bench (Sanjay Saxena and Mohit Agrawal).

R Reasoning

The authority reproduced Section 16(1) of the CGST Act, which grants credit on inputs used in the course or furtherance of business, and then Section 17(5), which overrides it. It treated the SIPC development as construction of an immovable property. Under Section 17(5)(c) and (d), credit is denied on works contract services and on goods or services received for construction of an immovable property on the taxable person's own account, and the Explanation extends construction to reconstruction, renovation, additions, alterations and repairs to the extent of capitalisation. The authority held that all six services fall within these clauses. The order does not discuss the exception in clause (c) for works contract services that are an input service for further supply of works contract service.

P Provisions Relied On

- Section 16(1) of the CGST Act, 2017
- Section 17(5), including clauses (c) and (d) and the Explanation on construction
- Section 97(2)(d) of the CGST Act, 2017 (the clause under which the question was raised)

! For the Practitioner

The order is useful for developers of land or industrial estates, including port trusts and similar bodies, who build roads, drainage, utilities and other infrastructure on their own account. It indicates that the Section 17(5)(c) and (d) block is likely to be applied broadly to such project costs. The order does not decide whether the one-time upfront premium on land auction is taxable, whether the applicant's own land use could alter the analysis, or whether the works contract exception in clause (c) could apply. Those points need a fuller reading of the order and of later rulings.

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 -> guj_aar_02_2020_11.03.2020_dpt.pdf

Prepared 19-11-2026.

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