

M/s. Gowra Ventures Private Ltd

Authority for Advance Ruling — Telangana

TSAAR Order No. 11/2018

Dated **26.07.2018**

Q Questions Before the Authority

- Whether in the facts and circumstances the pooling of land by way of amalgamation of the separate parcels viz Land 1 and Land 2 as described in the "Statement of relevant facts" would constitute a supply under the Central Goods and Services Tax Act, 2017 and Telangana Goods and Services Tax Act, 2017 (herein after referred to as Central and State GST Act)?
- Whether in the facts and circumstances construction activity undertaken by the Company, with respect to the share belonging to the Partners (as described in the "Statement of relevant facts") would be treated a Supply of Service under the Central and State GST Act?
- Whether in the facts and circumstances, the recovery of construction cost by the Company from the "Partners" would be the transaction value for purpose of Section 15 of the Central and State GST Act to be valued in accordance with Sec 15 read with Rule 30 of the Central Goods and Services Tax Rules 2017 and Telangana Goods and Services Tax Rules 2017 (Central and State GST Rules)?
- Whether in the facts and circumstances the vesting of the constructed portion upon the "Partners", would independently constitute a supply besides the supply on account of recovery of construction cost as aforesaid by the Company?

F Facts

The applicant, Gowra Ventures Pvt Ltd (Owner 1), owns Land 1 and intended to construct a multi-storeyed commercial building. Adjoining Land 2 is owned by seven individuals (Owners 2 to 8) who are also directors/partners in the applicant company. All owners entered into an MoU to pool/amalgamate Land 1 and Land 2 to construct a single project with enhanced FSI, with the applicant executing the entire construction and recovering the construction cost from the partners for their allocated built-up area.

H Ruling

Pooling/amalgamation of separate land parcels (Land 1 and Land 2)	Would not constitute a supply	Legal ownership of lands remains vested with respective existing owners
Construction activity undertaken by company for partners' share	Is a supply of service	Covered under Clause 5(b) of Schedule II of the CGST/SGST Act, 2017
Valuation of construction service provided to partners	110% of the cost of provision of the service	Valued under Rule 28(c) read with Rule 30 as parties are related persons
Vesting of constructed portion upon partners	Not an independent supply	No separate service or consideration is received beyond construction cost recovery

The Authority held that pooling or amalgamation of land parcels where legal ownership remains with respective

owners does not constitute a supply. Construction carried out by the company for the share of the partners is a **supply of service** under Schedule II Clause 5(b). Since the partners are directors and related persons under Section 15, the value of service must be determined under Rule 28 read with Rule 30 at **110% of the cost of provision of service**. The vesting of the constructed portion in the partners does not independently constitute a separate supply.

R Reasoning

The Authority noted that land is not 'goods' under Section 2(52), and pooling without transfer of title does not fall under Section 7. Construction of a complex prior to issuance of a completion certificate is taxable as a supply of service under Clause 5(b) of Schedule II. Since the landowning partners are directors of the developer company, they are related persons under Section 15 Explanation. Where open market value is unavailable under Rule 28(a) and (b), Rule 28(c) directs valuation under Rule 30, fixing the value at **110% of the cost of provision of service**.

P Provisions Relied On

Section 7 of CGST/TGST Act, 2017

Section 2(52) of CGST/TGST Act, 2017

Clause 5(b) of Schedule II of CGST/TGST Act, 2017

Section 15 of CGST/TGST Act, 2017

Rule 28 of CGST/TGST Rules, 2017

Rule 30 of CGST/TGST Rules, 2017

! For the Practitioner

This ruling confirms that mere land pooling without title transfer is non-taxable. However, developers constructing on pooled land for related land-owning directors/partners must pay GST on a valuation calculated as **110% of the cost of provision of service** under Rule 30.

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 -> tsaar order no. 11-2018 gowra ventures 1.pdf

Prepared 21-10-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com