

M/s SI PROPERTY KERALA PRIVATE LIMITED

Authority for Advance Ruling — Keralam

ADVANCE RULING No. KER/30/2025

Dated **08.10.2025**

Q Questions Before the Authority

- Whether GST is applicable to the Landowner's share of constructed residential flats?
- If GST applicable on point 1 above, what will be the rate of GST and the value on which such GST is applicable?

F Facts

The applicant is a developer who entered into a Joint Development Agreement (JDA) with a landowner to construct a residential apartment complex. Under the agreement, the landowner transfers development rights to the applicant in exchange for a share of the constructed residential flats. The applicant sought clarity on the GST implications regarding this transfer of development rights and the construction services provided to the landowner.

H Ruling

Applicability of GST on landowner's share	Yes, GST is applicable.	Considered a taxable supply of construction services in exchange for development rights.
Rate and value of GST	5% GST (without ITC) on construction services; 18% GST on development rights under RCM.	Value of construction service is the open market value of similar flats; RCM applies to un-booked units at completion.

The Authority ruled that GST is applicable to the landowner's share of constructed residential flats as it constitutes a taxable supply of construction services in exchange for development rights. The developer is liable to pay GST on these services, and the value is determined based on the open market value of similar apartments sold to independent buyers. Additionally, the developer is liable for GST on the transfer of development rights under the reverse charge mechanism for any units remaining un-booked at the time of completion.

R Reasoning

The Authority determined that the JDA constitutes a supply under Section 7(1)(a) of the CGST Act, as it involves an exchange of development rights for construction services. Relying on Notification No. 03/2019-Central Tax (Rate), it held that the construction service provided to the landowner is taxable at 5% without ITC. Furthermore, it cited Notification Nos. 04/2019, 05/2019, and 06/2019 to establish that the transfer of development rights is a taxable service subject to GST at 18% under the reverse charge mechanism, specifically for units remaining un-booked upon completion.

P Provisions Relied On

Section 7(1)(a) of the CGST Act, 2017	Section 9 of the CGST Act, 2017
Notification No. 11/2017-Central Tax (Rate)	Notification No. 03/2019-Central Tax (Rate)
Notification No. 04/2019-Central Tax (Rate)	Notification No. 05/2019-Central Tax (Rate)
Notification No. 06/2019-Central Tax (Rate)	

! For the Practitioner

This ruling confirms that **landowner's share of flats** in a JDA is a taxable supply of construction services subject to 5% GST. It clarifies that developers must also account for **GST on development rights** under the reverse charge mechanism for unsold inventory at the time of completion. Practitioners should note that the valuation for these services is linked to the open market value of similar units sold to independent buyers.

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 -> 2-si_property.pdf

Prepared 15-10-2026.

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