

M/s SUPER CHIPS

Authority for Advance Ruling — Tamil Nadu

No. 61/ARA/2025

Dated **16.12.2025**

Q Questions Before the Authority

- Whether the applicant is eligible to claim Input Tax Credit (ITC) on goods and services used for construction of an immovable property (commercial building) which is intended to be used for the purpose of letting out on rental basis and on which output GST is charged?

F Facts

The applicant is a proprietorship concern engaged in the business of trading snacks and leasing commercial properties. They are currently constructing a commercial building (mall) intended for rental purposes and have incurred expenses on various goods and services, including construction materials and contractor services. The applicant seeks to claim Input Tax Credit on these construction-related expenses.

H Ruling

Eligibility of ITC on construction of commercial building for rental purposes

Not eligible

The construction is considered to be on the applicant's own account, falling under blocked credit provisions.

The Authority ruled that the applicant is not eligible to claim Input Tax Credit on goods and services used for the construction of the commercial building. The ruling confirms that such construction falls under the category of blocked credits as per the relevant provisions of the CGST Act.

R Reasoning

The Authority relied on Section 17(5)(d) of the CGST Act, which blocks input tax credit for goods or services received for the construction of an immovable property on a taxable person's own account. It determined that the mall constitutes an immovable property and does not qualify as 'plant and machinery' under the provided definitions. Furthermore, the Authority noted that recent legislative amendments have clarified that the exclusion for 'plant and machinery' does not extend to buildings or civil structures. Consequently, the expenditure incurred for construction remains ineligible for ITC regardless of the intended use for taxable rental services.

P Provisions Relied On

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

Section 16(1) of the CGST Act, 2017

Section 3(26) of the General Clauses Act, 1897

Section 3 of the Transfer of Property Act, 1897

Finance Act, 2025 (No. 7 of 2025)



For the Practitioner

This ruling reinforces the **strict interpretation of blocked credits** under Section 17(5)(d) for construction of immovable property, even when the property is intended for taxable rental activities. It clarifies that buildings do not qualify as 'plant and machinery' for ITC purposes, effectively settling the debate following the Safari Retreats case by incorporating legislative amendments. Practitioners should note that this decision **denies ITC** for commercial real estate developers constructing on their own account.

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 -> 3-super chips aar order-1.pdf

Prepared 13-10-2026.

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