Sri Patrick Bernardinz D'Sa, #17-7-477 'Pauline', Miller Road, Valencia, Kadak, Mangalore - 575 002, Karnataka (temporary GSTIN 29180000227ARM)

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 29/ 2018, Dated: 28th November 2018 Dated **28.11.2018**

Q Questions Before the Authority

- Whether the applicant, being the land owner, is liable to pay GST on premises allotted to him, which he intends to distribute among his family members?

F Facts

The applicant, a land owner, entered into a Joint Development Agreement in January 2016 with M/s Nforce Infrastructure India Pvt. Ltd. for the 'N Force - Pauline' residential-cum-commercial building at Valencia, Mangalore. He contributed only his land and, in return, receives 50% of the 12 flats and 50% of the 4,000 sq. ft. commercial construction. The construction was reported to be completed in January 2018, and the applicant filed this application on 23.02.2018.

H Ruling

Liability to pay GST on premises allotted to the land owner, which he intends to distribute among family members	YES	The applicant is liable to register and pay tax as a supplier of development rights (transfer of undivided share of land). Per Notification No. 4/2018-Central Tax (Rate) dated 25.01.2018, tax liability arises when the developer transfers possession or right in the building by conveyance deed or similar instrument (e.g. allotment letter). The Authority presumed possession had not yet been handed over, as no transfer documents were furnished.

The Authority answered the question **'YES'** . It held that the applicant is a supplier of a taxable service by way of transfer of an undivided share of land and is therefore liable to register under the CGST/KGST Act, 2017 and discharge the tax. The liability to pay central tax arises when the developer transfers possession or right in the constructed building to the land owner by conveyance deed or similar instrument.

R Reasoning

The Authority relied on Notification No. 4/2018-Central Tax (Rate) dated 25.01.2018, which treats a person who supplies development rights to a developer, against consideration in the form of construction service, as a registered person whose tax liability arises when the developer transfers possession or right in the building. Applying that notification, the Authority held that the applicant, who contributed land under the joint development agreement, is a supplier liable to registration. It relied on Section 22 (threshold-based registration) and Section 25 (registration within thirty days) of the CGST Act, and on Section 2(94) for the definition of 'registered person'.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

Because no allotment or possession documents were produced, the Authority presumed that possession had not been handed over.

P Provisions Relied On

- Section 94(a) of the CGST Act, 2017 (definition of advance ruling)
- Section 97 and Section 97(2) of the CGST Act, 2017 (application for advance ruling)
- Section 98(4) of the CGST Act, 2017 and corresponding KGST Act provision (order of the Authority)
- Section 2(94) of the CGST Act, 2017 (registered person)
- Section 22 of the CGST Act, 2017 (persons liable for registration)
- Section 25 of the CGST Act, 2017 (procedure for registration)
- Rule 104 of the CGST Rules, 2017 and the KGST Rules, 2017 (advance ruling form and fee)
- Notification No. 4/2018-Central Tax (Rate) dated 25.01.2018

! For the Practitioner

This ruling helps practitioners advising land owners who contribute land under joint development agreements, because it confirms that such owners can be treated as registered suppliers of development rights and that tax is triggered on the developer's transfer of possession. It does not decide whether a later transfer of allotted premises to family members is itself taxable or exempt, and it does not address valuation of the land contribution. The presumption that possession had not been handed over was based on the facts before the Authority and should be checked against the actual allotment and conveyance documents in any new matter.

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 -> krntk_29_2018_patrick.pdf

Prepared 27-10-2026.

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

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

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

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

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

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