

TAXTIME

NEWSLETTER

INDIRECT TAX NEWS

GST ON DEVELOPED PLOT OF LAND: GUJARAT'S AAAR AFFIRMS



Applicability of GST on plot of land with sewerage line, electricity pole, water line etc. continue to confuse developers. The Gujarat Appellate Authority for Advance Rulings (GAAAR) has affirmed Authority for Advance Rulings (AAR) tax to be levied, contrary to rulings by Goa and Madhya Pradesh's AAR.

In the present matter, Surat-based Dipesh Anilkumar Naik, appealed before the GAAAR against the AAR ruling which held that the sale of a developed plot is not equivalent to the sale of land, but tantamount to the rendering of service and would be subject to levy of GST.

GAAAR observed that in the activity of plot development, leveling the land, boundary wall, roads, underground cables and pipelines, sewerage lines, landscaped gardens, water harvesting system, etc. are also offered in some schemes. Sale of such sites is done to end customers who may construct houses/villas in the plots. The sellers charge the rate not on the actual measure of the plot, but the super built-up area that includes the facilities. Thus, in effect, the seller is collecting charges towards the land as well as the common amenities.

"The above facts clearly indicate that sale of developed plot is not equivalent to sale of land but is a different transaction," GAAAR said while adding the transaction will attract 18 per cent GST. Earlier, Goa AAR, in a 2021 ruling, had said selling plots with electric poles, drainage lines and approach roads will be simply selling of land and thus not attract GST. The Madhya Pradesh AAR also took the similar view when its clarification was sought in Bhopal Smart City Development Corporation Ltd.

**VIETNAM: VIETNAM
OFFERS TAX RELIEF FOR
2022 IN NEW DECREE**



On January 28, 2022, the government of Vietnam issued Decree No. 15/2022/ND-CP guiding the tax reduction and exemption policies to support post-pandemic recovery (Decree 15). Decree 15 was issued to implement the National Assembly's Resolution No. 43/2022/QH15 dated January 11, 2022, on fiscal and monetary policies for the recovery of the national economy from the complications of the ongoing COVID-19 pandemic.

Notably, Decree 15 sets out tax relief for value-added tax (VAT) and corporate income tax (CIT). Various kinds of goods and services will be entitled to a reduced VAT rate of 8% (instead of the current 10%) for the period from February 1 until December 31, 2022. The reduction is applicable for both methods of VAT payment (i.e., the deduction method and the direct method). It is worth noting, however, that telecom services, banking and financial services, real estate business, as well as goods and services subject to special consumption tax are not eligible for this relief measure.

With regard to CIT, grants and donations of enterprises and organizations to COVID-19 control operations in Vietnam will be deducted from taxable income when calculating the CIT of the tax period of 2022. The amount of grants or donations must be confirmed in writing (including via electronic means) by the receiving authority or agency. Decree 15 takes effect on February 1, 2022.

**ADLABS DRAG TAXMAN TO COURT
OVER EXTENSION OF GST
INCENTIVES DUE TO COVID AND
LOCKDOWNS**



Adlabs Entertainment has approached the Bombay High Court over extension of Goods and Services Tax (GST) incentives for the period of lockdown due to Covid pandemic.

The company in a writ petition filed with the court said that its water and theme parks remained shut during 2020 and 2021 due to forced lockdown by the government and this period should be excluded from the tax holiday and the exemption period should be extended by the number of lockdown days.

Legal experts say that the court's ruling in the matter will give clarity to several other companies that are also seeking extension to certain government schemes.

The court has asked the government and the tax department to respond to the writ petition.

"While the state government may have fulfilled part of its duty, the central government will have to either give the remaining part of the share or recommend an extension of the eligibility period", said Rastogi, who is representing Adlabs.

The company in its writ petition sought has sought that it be granted an "up-front exemption from 100% of GST leviable on sale of the goods to the Theme Park and Water Park adopted by the petitioner at Khalapur and also seeks refund of the GST already paid by the petitioner till date."

This is not the first time theatres and multiplexes have approached the courts over indirect tax due to Covid pandemic and lockdowns.

TODAY'S QUOTE

"You can either experience the pain of discipline or the pain of regret.

The choice is yours."

— Unknown

DISCLAIMER

This publication contains information for general guidance only. The contents are solely for information and knowledge purpose. It does not constitute any professional advice or recommendation. The contents are gathered from different newspaper and websites as mentioned in 'Source of content'. We do not accept any responsibility and liabilities for any loss or damage of any kind arising out of any information in this publication nor for any actions taken in reliance thereon. This is a private circulation for clients and professionals only.

Source of Content

<https://epaper.thehindubusinessline.com/>
<https://epaper.thehindu.com/>
<https://economictimes.indiatimes.com/epaper-print-edition/>
<https://www.gst.gov.in/newsandupdates/read/509>
<https://www.mondaq.com/sales-taxes-vat-gst/1155936/vietnam-offers-tax-relief-for-2022-in-new-decree?>

AKSHAY SHAH

Email: ca.akshah@gmail.com

Contact No.: 9958975768

Website: www.jainshah.com