



E NEWSLETTER FOR
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OF
BRAHMAPUR BRANCH OF
EIRC(ICAI)

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Chairperson's Message: A Vision for Ascent

Respected Members, Greetings.

At the outset, I sincerely thank each one of you for reposing your faith in me and electing me as the Chairperson of our Branch. Being the youngest and the first lady Chairperson makes this moment deeply humbling and truly special.

I, along with my team, pledge our unwavering 100% commitment to the growth and development of our Branch.

I also extend my heartfelt congratulations to our Immediate Past Chairman, CA A. Maheshwar Patro, for his outstanding leadership and the tremendous work accomplished during his tenure.

ASCENT: Our Vision for the Year Ahead

This year, our vision is encapsulated in one powerful theme – ASCENT.

1

Abode

Our dream of having our own building is a priority. The team is working on a war footing to make this dream a reality at the earliest.

2

Speakers

We aim to nurture speakers from within our branch who can confidently represent us and address gatherings across other branches.

3

Capacity Building

Through workshops, seminars, and webinars, we will focus on strengthening the professional capabilities of our firms and members.

4

Environment

Our branch will actively align with the Institute's sustainability vision through meaningful environmental initiatives. We invite members to contribute to this noble cause.

5

New Horizons

Beyond traditional practice areas, numerous emerging opportunities await. We must upskill ourselves and explore these new frontiers to stay relevant and competitive.

6

Tenth Year Anniversary

Our branch proudly enters its 10th year. We will celebrate this milestone by acknowledging the invaluable contributions of our past leaders who laid the foundation for where we stand today.

Knowledge Corner: Deepening Our Expertise



In an ever-evolving professional landscape, continuous learning is paramount. Our Knowledge Corner initiatives are designed to keep members at the forefront of industry trends and regulatory changes.

- Stay updated with the latest amendments in taxation and corporate laws.
- Gain insights into emerging technologies like AI and blockchain relevant to auditing.
- Access expert analyses on economic policies and their impact on businesses.
- Participate in Q&A sessions with seasoned professionals and thought leaders.

Leading Self is Key to Leadership: Mastering Self-Management for Personal and Professional Success

Presented by:
CA. RAVI SHANKAR SAMANTARY

Introduction

In today's fast-paced, ever-changing world, leadership is not just about leading others; it's also about leading yourself. While the qualities of effective leadership often focus on vision, strategy, and communication, one crucial aspect is sometimes overlooked – self-management. The ability to lead yourself with clarity, emotional control, and discipline is what separates successful leaders from those who struggle to stay on track. Leadership begins from within, and mastering self-management is the foundation upon which effective leadership is built.

Understanding Self-Management Self-management refers to the ability to regulate and control one's emotions, behaviours, and actions in the face of challenges and opportunities. It encompasses the capacity to manage time, set goals, prioritize tasks, maintain emotional equilibrium, and stay motivated through difficult circumstances. At its core, self-management involves taking responsibility for one's own actions and reactions, particularly in high-pressure situations. Leadership is about influence, and before you can influence others, you must first be able to influence and manage yourself. This begins with understanding the fundamental aspects of self-management and applying strategies that lead to personal growth, resilience, and long-term success.

The Importance of Self-Management in Leadership

Self-management is crucial for leaders as it impacts every facet of their performance, from making informed decisions to building strong relationships. Below are key reasons why self-management is fundamental to effective leaders

1. Enhancing Personal Productivity

A leader who can effectively manage their time, focus on the right priorities, and eliminate distractions will experience an increase in personal productivity. In the fast-paced environment of leadership, tasks pile up quickly, and the ability to stay on top of responsibilities without feeling overwhelmed is a critical skill. Self-management enables leaders to remain organized, stay on task, and complete projects efficiently. Leaders who practice good self-management don't just get things done—they get the right things done. The ability to prioritize tasks, delegate where necessary, and keep distractions at bay ensures that a leader's energy and efforts are focused on areas that create the most value.

2. Emotional Intelligence and Regulation

One of the cornerstones of effective leadership is emotional intelligence (EI). Self-management plays a crucial role in EI, as it allows individuals to regulate their emotions, particularly when faced with adversity. Leaders who can manage their emotions are less likely to make rash decisions, overreact, or let stress affect their performance. Managing one's emotions also enables a leader to stay calm and composed in high-pressure situations. This emotional stability translates into better problem-solving, clearer communication, and a sense of confidence that inspires others to stay grounded during challenging times.

3. Building Stronger Relationships

Leadership is not a solitary endeavour. A successful leader must inspire and work with a diverse group of individuals. One of the ways a leader can build rapport and trust is by managing their own reactions, being consistent, and maintaining a calm demeanour. Leaders who are emotionally stable and self-aware are more approachable and capable of fostering stronger, more positive relationships with colleagues, teams, and stakeholders. By being in control of their own emotions and behaviour, leaders create an environment where others feel safe to express themselves, contribute their ideas, and work towards a common goal. Effective self-management promotes empathy, clear communication, and mutual respect, all of which are essential elements of strong, productive teams.

3. Resilience and Adaptability

Leaders often face adversity, unexpected changes, and setbacks. Without the ability to self-manage, leaders may become overwhelmed by these challenges, losing their focus and motivation. On the other hand, those who can manage themselves effectively are more resilient. They are able to adapt to changes, stay calm in crises, and find solutions to problems quickly. Self-management encourages a mindset of continuous learning and growth, allowing leaders to rebound from failure, learn from their experiences, and apply those lessons moving forward.

5. Leading by Example

Effective leaders understand that their actions speak louder than words. By modelling self-management behaviours—such as remaining composed in stressful situations, setting clear goals, and taking responsibility for their actions—they set the standard for others to follow. Leaders who take charge of their own self-management inspire others to do the same. In this way, they create a culture of accountability, discipline, and excellence within their teams or organizations. Self-management empowers leaders to be more than just decision-makers—they become role models for their employees, helping them develop their own leadership potential. A leader who demonstrates self-discipline, integrity, and resilience encourages their team members to adopt these qualities and perform at their highest level.

Strategies for Effective Self-Management While self-management is an essential skill, it's not something that happens overnight. It requires dedication, practice, and a commitment to personal growth. Here are several strategies that can help individuals develop and strengthen their self-management skills:

1. Time Management and Prioritization

Leaders often juggle multiple tasks and responsibilities, making time management a critical skill. Effective time management involves planning, organizing, and structuring your day to ensure that you focus on what matters most. Some key time-management strategies include:

The Eisenhower Matrix: Prioritize tasks based on urgency and importance. This matrix helps you distinguish between tasks that are urgent, important, or both, and those that are neither.

Time Blocking: Allocate specific time blocks for particular tasks or activities to ensure that you remain focused and productive throughout the day.

Delegation: Not everything needs to be done by you. Delegate tasks that others can handle, freeing up your time to focus on higher-priority activities.

By utilizing time management techniques, leaders can ensure that their time is spent effectively and that they make progress toward their goals every day.

2. Emotional Self-Regulation

Leaders face stressful situations regularly, and emotional self-regulation is essential to staying effective. Here are a few strategies to manage your emotions:

Mindfulness and Meditation: Practice mindfulness to stay aware of your emotions in real time. Meditation can also help you center yourself, clear your mind, and release stress.

Deep Breathing: In moments of heightened stress or frustration, pause and take deep, slow breaths. This helps you regain control over your emotional state and approach situations with clarity.

Cognitive Reframing: When faced with challenges, try to reframe your thinking. Instead of seeing setbacks as failures, view them as learning opportunities or stepping stones to growth.

By implementing these techniques, you can prevent negative emotions from taking over, making you a more composed and effective leader.

3. Setting Clear Goal

Self-management hinges on knowing where you're headed and why it matters. Leaders who set clear, specific goals provide themselves with direction, motivation, and a sense of purpose. A few tips for goal-setting include:

SMART Goals: Ensure your goals are Specific, Measurable, Achievable, Relevant, and Time-bound. This framework helps you define clear, actionable steps to take toward achieving your objectives.

Break Goals into Smaller Tasks: Large goals can seem overwhelming. Break them down into smaller, manageable tasks to prevent burnout and ensure steady progress.

Track Your Progress: Regularly review your goals and assess your progress. This helps keep you accountable and makes adjustments easier if things aren't going as planned.

Setting and achieving goals fosters a sense of accomplishment and momentum, both of which are vital for long-term success.

4. Self-Reflection and Continuous Improvement

Self-reflection is a powerful tool for self-awareness and growth. Taking time to reflect on your actions, behaviours, and emotional responses allows you to learn from both successes and failures. Consider keeping a journal or engaging in quiet contemplation at the end of each day to assess the following: What went well today? What could I have done differently? How did I manage my time, emotions, and decisions? In addition to self-reflection, seek out opportunities for continuous improvement. Read books, attend workshops, and seek feedback from others to enhance your skills and broaden your perspective. By focusing on lifelong learning, you can continually evolve as a leader and improve your self-management capabilities.

5. Building Healthy Habits

Good habits form the foundation of effective self-management. Prioritize habits that promote your physical, emotional, and mental well-being: **Exercise:** Regular physical activity improves focus, energy levels, and overall health, helping you stay energized and productive. **Nutrition:** A balanced diet fuels your body and mind, ensuring that you're able to perform at your best throughout the day. **Sleep:** Getting enough rest is crucial for mental clarity, decision-making, and emotional regulation. Leaders need to be well-rested to perform at their highest potential. By establishing healthy habits, you create a solid foundation that supports all other aspects of self-management and leadership.

Conclusion

Leading self is indeed the first step to becoming an effective leader. It requires discipline, awareness, and commitment to personal growth. By mastering self-management, you not only improve your productivity and emotional regulation but also create the foundation for building strong relationships, leading by example, and navigating challenges with resilience. Self-management is the key to unlocking your full leadership potential and inspiring those around you to do the same. Whether you're managing your time, emotions, goals, or habits, the skills you cultivate through self-management will ultimately empower you to lead with confidence, compassion, and success. As the world continues to evolve, those who lead themselves well will be the ones who are best equipped to lead others and make a lasting impact.

GST Amendments – Union Budget 2026–27

Presented by:

CA. Saroj Ranjan Maharana

Goods and Services Tax (GST) Amendments – Union Budget 2026–27 (India)

Executive-Summary

The Union Budget 2026–27 presented on 1 February 2026 introduces a strategic suite of amendments to the Goods and Services Tax (GST) framework aimed at strengthening export competitiveness, easing compliance, modernising valuation norms, and aligning tax administration with standard commercial practices. These amendments are designed to enhance business liquidity, reduce disputes, and improve India's global trade competitiveness while maintaining destination-based tax neutrality.

1. Structural and Legislative Amendments in GST Law

a) Valuation and Post-Sale Discount Reforms

- The Budget has proposed an amendment to Section 15 of the Central Goods and Services Tax (CGST) Act, 2017, which governs the valuation of taxable supplies: The requirement that post-sale discounts be connected to a pre-existing agreement for exclusion from taxable value has been abolished.
- Discounts can now be reflected via credit notes issued under Section 34, provided the recipient reverses the corresponding Input Tax Credit (ITC).
- This aligns GST valuation mechanics with commercial practice, reduces litigation risk, and streamlines price adjustments.

Impact: Improved transactional alignment between commercial realities and GST valuation; reduced compliance friction; consistent tax treatment across industry sectors.

b) Export Refunds and Inverted Duty Structure

A significant shift pertains to the refund regime:

- The provisional refund of 90% of the claimed amount, previously available only for zero-rated exports, is now extended to supplies affected by inverted duty structures.
- Cash flow constraints commonly faced by exporters and manufacturers operating under inverted rate scenarios will be mitigated.
- Removal of the INR 1,000 threshold for processing export-linked refunds eliminates a compliance bottleneck.

Impact: Faster refund cycles; enhanced working capital for exporters; improved competitiveness in global supply chains.

c) Place of Supply for Intermediary Services

Under longstanding ambiguity, GST treatment of cross-border intermediary services was a point of dispute:

- The Budget proposes omitting the special rule that previously governed such services.
- Consequently, the place of supply will default to the location of the service recipient, reinforcing the destination-based tax principle under GST.
- This change is expected to classify intermediary cross-border services as zero-rated exports when supplied to foreign clients.

Impact: Removes GST burden on Indian intermediaries serving international clients; creates parity with global VAT jurisdictions; increases India's export competitiveness in professional and consulting services.

2. Administrative and Compliance Reforms

a) Temporary Appeal Mechanism

While the National Appellate Authority for Advance Rulings (NAAAR) is yet to be constituted, the Budget empowers the government to designate existing tribunals or authorities to hear specified GST appeals.

- Transitional appellate certainty will be provided effective from 1 April 2026.
- This provision is intended to reduce case backlogs and avoid adjudicatory uncertainty.

Impact: Interim dispute resolution continuity; reduced uncertainty for taxpayers; containment of litigation risks.

b) Input Tax Credit (ITC) and Reverse Credit Flow Adjustments

The amendments intend to rationalise ITC eligibility and reversal processes:

- The linkage between credit notes and credit reversals by GST recipients aligns compliance documentation with the enlarged valuation framework.
- Strict enforcement of ITC reversals on post-sale adjustments reinforces tax neutrality.

Impact: Greater clarity and consistency in ITC applications; simplified compliance regime for multi-entity and large-enterprise structures.

3. Strategic Policy Implications for Businesses

a) Liquidity and Working Capital

With provisional refunds extended to inverted duty cases and simplified valuation adjustments, enterprises — especially in manufacturing and exports — are poised to realise enhanced liquidity and better working capital management.

b) Export Competitiveness

The realignment of the place of supply for intermediary services will reduce the embedded tax cost on exported services, allowing Indian intermediaries to compete on a level playing field in global markets.

c) Litigation and Compliance Burden

The temporary appellate mechanism combined with clarified valuation and refund procedures serves to reduce disputes and compliance overheads — a forward-looking move that also signals the government's intent to improve the overall ease of doing business within the GST regime.

4. Conclusion

The GST amendments in the Union Budget 2026–27 reflect a balanced reform agenda that prioritises commercial alignment, export competitiveness, and systemic clarity. By modernising valuation norms, enhancing refund mechanisms, and resolving longstanding interpretative challenges, these proposals strengthen India's GST framework as a globally compatible and business-enabling indirect tax regime.

GST on One Time Lease Payment



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Background

One-time lease payments, commonly referred to as lease premium, upfront lease consideration, or commuted lease rent, are payments made by a lessee (tenant) to a lessor (landowner) at the inception of a lease agreement. These payments are prevalent in lease arrangements for industrial, commercial, or institutional land provided by government authorities to private entities.

The primary objective of such a payment is to grant the lessee the right to use a parcel of land for a specified lease period, which can range from short durations to as long as 99 years. Unlike recurring lease rentals, the one-time payment is a lump sum made at the outset and is non-refundable.

Key purposes include:

- Securing the exclusive right to use the land for business or operational needs.
- Avoiding the administrative and financial burden of recurring lease payments.
- Complying with government policies or institutional frameworks requiring upfront payments for land allotments.

Lease agreements and associated one-time payments vary widely depending on the jurisdiction and the authority entering into the contract:

- Different states in India, such as Rajasthan, Maharashtra, Karnataka, and Tamil Nadu etc have their formats and conditions for land leases, influenced by state-specific industrial promotion schemes.
- For instance, Rajasthan State Industrial Development and Investment Corporation (RIICO) and Maharashtra Industrial Development Corporation (MIDC) may have different terms regarding payment structures and usage rights.
- Comparison of One-time lease payments across few key states is as follows :

Particulars	Rajasthan	Maharashtra	Tamil Nadu	Utter Pardesh
Authority providing the lease facility	Rajasthan State Industrial Development Investment Corporation (RIICO)	Maharashtra Industrial Development Corporation (M1DC)	State Industries Promotion Corporation of Tamil Nadu Ltd (SIPOT)	U.P. State Industrial Development Corporation Limited
Document referred as	Lease Agreement	Licenses agreement	Lease deed	Lease deed
Parties referred as	Lessor/lessee	Grantor/Licensee	First Party/Second Party	Lessor/lessee
One-time Lease payment referred as	Premium of land	Premium	Premium of land	Premium of land
Reference to Advance Rent	No	No	No	No
Additional Rent/Charges payable annually	Yes	No	Yes	No
Lease period	99 Years	95 Years	99 Years	90 Years

Execulive Summary

Q. No.	Issue	Implication
1	Section I-Nature of supply.	<ul style="list-style-type: none"> • Leasing of immovable property falls within "supply" under GST. • OLP is a non-refundable lump-sum and qualifies as "consideration." • Leasing of land/buildings is deemed a supply of services under Schedule It. • Hence, OLP is taxable as a supply of services.
2	Section II - GST Rates & Exemptions	<ul style="list-style-type: none"> • Leasing services (HSN 997212) generally taxable at 18*/o. • Exemption under Entry 41 of Notification 12/2017 applies only if all conditions are met: <ul style="list-style-type: none"> o Upfront premium paid (Circular 101/20/2019- even if in instalments predetermined upfront). o Lease period 30 years. o Plot used for industrial/financial activity. o Lessor is Government/Govt-owned (20%). • Preferential Location Charges/Location Charges also exempt as part of upfront premium (Circular 177/09/2022). <p>If any condition is not met, OLP is taxable @ 18%.</p>

3 Section III - ITC Eligibility on OLP.

- Section 16 permits ITC where used for business and conditions (invoice, service receipt, tax payment, GSTR-2B reflection, return filing) are satisfied.
- Section 17(5)(d) blocks ITC where goods/services are used for construction of immovable property.
- Favourable rulings:
 - a — Kamarajar Port Ltd. (AAR TN): Upfront premium not linked to construction: ITC allowed.
- Unfavourable rulings:
 - a GGL Hotel & Resort (AAR WB): Lease rentals during pre-operative period treated as construction cost; ITC denied.
 - a Daicel Chiral Technologies (AAR Telangana): Services used for construction; ITC denied.
 - o Agratas Energy Storage Solutions, Bayer Vapi, GACL-NALCO (AAR Gujarat): ITC blocked under Section 17(5)(d).
- Though binding only on the applicant, these rulings have persuasive value.

Unfavorable rulings predominate; authorities may dispute ITC claims.

Discussion in detail

Section I - Whether the one-time lease payment (“OLP”) paid towards the lease of the immovable property qualifies as a “supply” under the Central goods and Services Act, 2017 (the “CGST Act”)? If yes, does it qualify as a supply of goods or a supply of services?

- On a perusal of the CGST Act, it is evident that the taxable event under GST is the “supply” of goods, services, or both. The term “supply” has been defined broadly to encompass various forms of transactions such as sale, transfer, barter, exchange, licence, rental, lease or disposal, provided they are carried out in the course or furtherance of business and involve consideration, except where specifically covered under Schedule I, titled “Activities to be treated as supply even if made **without** consideration” of the CGST Act. Accordingly, all transactions of supply of goods or services are subject to GST, unless expressly carved out in Schedule III, titled “Activities or transactions which shall be treated neither as a supply of goods nor a supply of services” of the CGST Act.
- The term “lease” is expressly included within the scope of “supply”; accordingly, it qualifies as a supply when undertaken in the course or furtherance of business and involving consideration.
- Assuming that a leasing of an immovable property involving a OLP is undertaken by a lessor in the course or furtherance of business, it becomes relevant to determine whether the OLP qualifies as consideration under the CGST Act.

- Section 2(31) of the CGST Act defines “consideration” to include any payment made or to be made, whether in respect of, in response to, or for the inducement of the supply of goods or services by the recipient of such supply. However, it specifically excludes “deposits” made in respect of the supply of goods or services, unless such deposit is subsequently applied as consideration against the supply.
- Accordingly, an OLP qualifies as consideration under the CGST Act, since it is paid in lieu of recurring lease rentals. The OLP, being a lump-sum amount paid upfront and non-refundable, represents a payment made directly in respect of the lease transaction.
- Since the leasing of immovable property is undertaken in the course or furtherance of business and is made for consideration, it qualifies as a supply under the CGST Act. However, it is pertinent to determine whether such supply would be classified as a supply of goods or a supply of services.
- At this juncture, it is relevant to refer to Entry No. 2 of Schedule II of the CGST Act, titled “Activities to be treated as supply of goods or supply of services”. This entry specifically states that the leasing of land or a commercial, industrial, or residential complex for business or commerce is to be treated as a supply of services.
- Accordingly, the OLP for leasing of immovable property constitutes a supply of services and is liable to GST.

Section II – GST rate and exemptions applicable to leasing of immovable property against OLP.

- Before analysing the rates and exemptions applicable to the leasing of immovable property, it is relevant to first identify the applicable HSN (Harmonized System of Nomenclature) code for such transactions, which is 997212 – “Rental or leasing services involving own or leased non-residential property.”
- While services involving the leasing of immovable property for an OLP are generally chargeable to GST at 18% (except in cases of lease of land by the Central Government, State Government, Union Territory, or a local authority to a governmental authority or government entity), except those which are specifically exempted by way of a notification.
- Accordingly, it is necessary to refer to the relevant entries of Notification No. 12/2017 – Central Tax (Rate), dated June 28, 2017 (hereinafter referred to as the “Exemption Notification”), which prescribes a list of services exempted from GST. On perusal of the Exemption Notification, the following entries are found to be relevant for discussion:

Sl No.	Chapter, Section or Heading	Description of Service	Rate	Condition
41	Heading 9972	<p>Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long-term lease of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 20 per cent. or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.</p> <p>Explanation. - For the purpose of this exemption, the Central Government, State Government or Union territory shall have 20 per cent. or more ownership in the entity directly or through an entity which is wholly owned by the Central Government, State Government or Union territory.</p>	Nil	<p>Provided that the leased plots shall be used for the purpose for which they are allotted, that is, for industrial or financial activity in an industrial or financial business area:</p> <p>Provided further that the State Government concerned shall monitor and enforce the above condition as per the order issued by the State Government in this regard:</p> <p>Provided also that in case of any violation or subsequent change of land use, due to any reason whatsoever, the original lessor, original lessee as well as any subsequent lessee or buyer or owner shall be jointly and severally liable to pay such amount of central tax, as would have been payable on the upfront amount charged for the long term lease of the plots but for the exemption contained herein, along with the applicable interest and penalty:</p> <p>Provided also that the lease agreement entered into by the original lessor with the original lessee or subsequent lessee, or sub-lessee, as well as any subsequent lease or sale agreements, for lease or sale of such plots to subsequent lessees or buyers or owners shall incorporate in the terms and conditions, the fact that the central tax was exempted on the long term lease of the plots by the original lessor to the original lessee subject to above condition and that the parties to the said agreements undertake to comply with the same.</p>

2.4 On perusal of the above exemption entry, it is understood that leasing of plots against OLP shall be exempt from GST, provided the following conditions are satisfied:

- There is payment of upfront amount (called as premium, salami, cost, price, development charges or by any other name);

Note: In terms of Circular 101/20/2019-GST dated 30th April, 2019, the upfront premium paid or payable in installments shall also be exempt from levy of GST, provided the amount is determined upfront.

- The lease shall be for a period of 30 years or more;
- The lease shall be for industrial plot or industrial development of infrastructure for financial business located in any industrial or financial business area;
- The lease shall be granted by the State Government Industrial Development Corporations or Undertakings or by any other entity having 20 per cent. or more ownership of Central Government, State Government, Union territory.

Note: As per Circular No. 177/09/2022-TRU dated 3 August 2022, location charges or preferential location charges (PLC) paid upfront in addition to the lease premium for long-term lease of land are also eligible for exemption under the aforesaid exemption notification, as they form part of the upfront premium.

2.5 Accordingly, exemption under Entry 41 is available only when all the above conditions are cumulatively fulfilled; non-satisfaction of even a single condition would render the upfront lease premium taxable under GST at the applicable rate.

Section III – Input Tax Credit (ITC) of the GST charged on OLP.

3.1 As per Section 16(1), a registered person is entitled to take credit of Input Tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business.

3.2 Section 16(2) provides that a registered person shall be eligible to avail ITC only when all the following conditions are satisfied: (i) he is in possession of a valid tax invoice; (ii) the invoice is reflected in his GSTR-2B; (iii) he has received the goods or services; (iv) the tax charged on such supply has been actually paid to the Government; and (v) he has furnished the relevant returns.

3.3 However, Section 17(5) overrides the above conditions and specifies the situations in which ITC is blocked. One such restriction applies to goods or services used for the construction of an immovable property.

3.4 While there are favourable judicial precedents holding that the lease of land cannot be equated with goods or services used for the construction of immovable property, there are also contrary rulings taking an opposing view.

3.5 Reliance may be placed on the following advance ruling, which have held that ITC shall be available:

The Authority for Advance Rulings, in the case of Kamarajar Port Limited (2022 (8) TMI 920 – AAR, TN), held that upfront premium which are lease rentals paid for leasing of immovable property cannot be equated with input services used in the construction of immovable property. Accordingly, ITC shall be available on such lease rentals without being subject to the restriction under Section 17(5) of the CGST Act. The relevant extract the ruling is given below for reference:

“Hence, the upfront premium made is the lease rentals as per the allotment order/letter of Chennai Port Trusts and it is nothing but lease rentals paid for the services of 'Renting of Immovable property' for business purpose. From the material on record, we observe that the upfront premium paid is not related to any construction activity of such covered space but against the rental value for the period of rent calculated for the period of lease and collected upfront. Thus, provisions of Section 17(5) (d) is not applicable to the instant case.”

3.6 However, ambiguity persists regarding the eligibility to avail ITC on GST paid towards upfront lease premium, and there are also adverse judicial rulings on this matter. Some of the key judgments/rulings wherein ITC was denied are as follows:

A. The Authority for Advance Rulings, West Bengal, in the case of M/s. GGL Hotel And Resort Company Limited (2019 (1) TMI 488 - AAR, WEST BENGAL) held the following in respect of eligibility of ITC on lease rentals:

“In the light of the above discussion, it is held that the lease rental paid during the pre-operative period should be treated as part of the cost of goods and services received for the purpose of constructing an immovable property (other than plant and machinery) on the Applicant’s own account. Input tax credit is, therefore, not admissible on such lease rental in terms of section 17(5)(d) of the GST Act.”

B. The Authority for Advance Rulings, Telangana, in the case of M/s. Daicel Chiral Technologies (India) Private Limited (2020 (8) TMI 103 - AAR, Telangana) held the following in respect of eligibility of ITC on lease rentals:

“8.8 From the above discussion, it clearly emerges that all the referred services are received by applicant for construction of immovable property (other than plant & machinery) on their own account. The exclusion clause 17(5)(d) shows that the exclusion is applicable including when such services are used in the course or furtherance of business which is the claim of the applicant. Thus, the referred services in the instant case and in the given facts, squarely fall under the exclusion vide Sec. 17(5)(d) and hence ineligible to ITC. The various contentions put forth and case laws cited by the applicant are found to be either not relevant or pertain to distinguishable facts/situations when compared with the facts in the instant case as above and hence inapplicable.

8.9. Accordingly, we hold that the impugned services referred by the applicant have been received for construction of immovable property on their own account and therefore input tax credit on those services is barred under the provisions of clause (d) of Sec. 17(5).”

C. The Authority for Advance Rulings, Gujarat, in the case of Agratas Energy Storage Solutions Pvt. Ltd. (2025 (11) TMI 757 – AAR, Gujarat), held that ITC on lease rentals for leased land shall not be available due to the restriction prescribed under Section 17(5)(d) of the CGST Act.

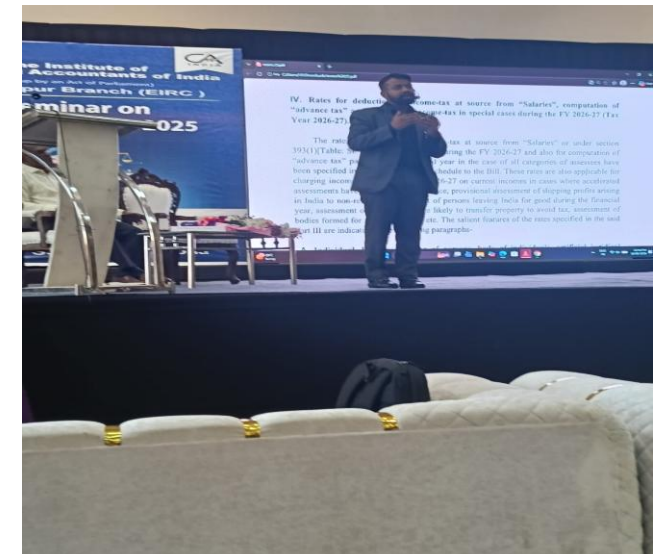
D. Similar decisions were issued by the same Authority for Advance Rulings in the cases of Bayer Vapi Pvt. Ltd. [2023 (9) TMI 165 – AAR, Gujarat] and GACL–NALCO Alkalies and Chemicals Pvt. Ltd. [2021 (12) TMI 36 – AAR, Gujarat].

Note: Although advance rulings are binding only on the applicant and the jurisdictional authorities concerned, they nevertheless carry persuasive value for other taxpayers.

3.7 While both favourable and unfavourable advance rulings are available on this issue, the unfavourable rulings appear to be more predominant. Accordingly, although a view may be taken that ITC is available, given the ambiguity surrounding the matter, it is likely that the tax authorities may question the credit if availed.

Photo Gallery: Glimpses of Our Branch Activities

A collection of memorable moments from recent events, seminars, and community initiatives, showcasing the vibrant spirit of our branch.





Thank You!

**Let us join hands,
work collectively,
and take our branch
to greater heights.**

Jai Hind. Jai ICAI.

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