Circular No. 101/20/2019-GST

F. No. 354/27/2019-TRU
Government of India
Ministry of Finance
Department of Revenue
Tax Research Unit

North Block, New Delhi,
Dated the 30th April, 2019

To,

The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/
Commissioner of Central Tax (All) /
The Principal Director Generals/ Director Generals (All)

Madam/Sir,

Subject: GST exemption on the upfront amount payable in installments for long term lease of plots, under Notification No. 12/2017 – Central Tax (R) S. No.41 dated 28.06.2017 -reg.

Representations have been received by the Board seeking clarification regarding admissibility of GST exemption on the upfront amount which is determined upfront but is paid or payable in installments for long term (thirty years, or more) lease of industrial plots or plots for development of financial infrastructure under Notification 12/2017 – Central Tax (R) S. No.41 dated 28.06.2017.

2. The matter has been examined. The entry at S. No.41 of Notification 12/2017 – Central Tax (R) dated 28.06.2017 reads as under:

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Chapter, Section, Heading, Group or Service Code (Tariff)</th>
<th>Description of Services</th>
<th>Rate (per cent.)</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
</tr>
<tr>
<td>41</td>
<td>Heading 9972</td>
<td>“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”</td>
<td>NIL</td>
<td>NIL</td>
</tr>
</tbody>
</table>
3. It is hereby clarified that GST exemption on the upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for long term lease (of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business under Entry No. 41 of Exemption Notification 12/2017 – Central Tax (R) dated 28.06.2017 is admissible irrespective of whether such upfront amount is payable or paid in one or more instalments, provided the amount is determined upfront.

4. Difficulty if any, in implementation of this Circular may be brought to notice of the Board.

Yours Faithfully,

(Shashikant Mehta)
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Tel: 011 2309 5547

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