

# TAX INFO

*Dated 03/12/2021*

Latest update on GST Law: Information regarding **No Levy Of GST On Renting Of The Dwelling Unit To A Company For Residential Purposes** as given in **Ruling by AAR-West Bengal**

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<b>Name of Applicant</b>	Borbheta Estate Pvt Ltd
<b>Authority</b>	GST AAR West Bengal
<b>Date of Ruling</b>	27/06/2019
<b>Ruling No.</b>	1 3A/VBAAR/2 019-20

## **Brief Facts of the Case:**

The Applicant has executed agreements for renting of four dwelling units it owns at different locations in Kolkata which are to be used for residential purposes. Three flats have been rented to individuals and **one has been let out to M/s Larsen & Toubro Ltd for residence of their employees.** The Applicant argues that he is not liable to pay GST for renting of these dwelling units, as they are all let out for residential purpose, and services by way of renting of dwelling units for residence is exempted under Sl No. 12 of Notification No. 12/2017-CT (Rate) dated 28.06.2017. But the Department is of the view that such exemption should not be available when the dwelling unit is rented to a commercial entity like M/s Larsen & Toubro Ltd.

## **Questions on which the Ruling is Sought:**

Whether the applicant is liable to pay GST on renting of the dwelling unit to a company for residential purposes?

## **Findings and Ruling:**

The three dwelling units rented to individuals are meant for residential accommodation. The fourth dwelling unit rented to M/s Larsen & Toubro Ltd is a residential flat and cannot be used for any other purpose and that an employee of M/s Larsen & Toubro Ltd is staying at the flat.

The Applicant's service is classifiable as rental or leasing service involving own/leased residential property (SAC 997211). **Applicability of Sl No. 12 of the Exemption Notification depends upon whether the dwelling unit is used as residence.** The dwelling units are being used for residence, irrespective of whether they are let out to individuals or a commercial entity. The Applicant's service of renting out the dwelling units for residential purpose is, therefore, exempt under Sl No. 12 of the Exemption Notification.

**The Applicant is, therefore, not liable to pay GST on renting of the dwelling unit to a company for residential purposes.**

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