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Division 1 **Introduction to Real Estate Sector, Construction Services for Residential (RREP) & Commercial (REP) Projects**

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Division 4 — Works Contract, Government Contracts, EPC Projects

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1.6 Rates for Construction Services and Works Contract Services

GST Rates for project commenced on or after 01-04-2019 and for ongoing projects with New Rates

#	Particulars	Project Type	Sub Type	Unit Type	GST Rate	Effective GST Rate	ITC Eligibility
	RREP Project-Carpet Area of Commercial Apartments ≤ 15% of total carpet area						
1	Construction of Residential Affordable units in RREP Project	Residential	RREP	Affordable	1.5%	1%	No
2	Construction of Residential Non-Affordable units in RREP Project	Residential	RREP	Non-Affordable	7.5%	5%	No
3	Construction of Commercial units in RREP Project	Residential	RREP	Commercial	7.5%	5%	No
	REP Project-Carpet Area of Commercial Apartments > 15% of total carpet area						
4	Construction of Residential Affordable units in REP Project	Residential	REP	Affordable	1.5%	1%	No
5	Construction of Residential Non-Affordable units in	Residential	REP	Non-Affordable	7.5%	5%	No
6	Construction of Commercial units in REP Project	Commercial	REP	Commercial	18%	12%	Yes

GST Rates for ongoing projects as on 01-04-2019 opted for old rates

#	Particulars	Project Type	Sub Type	Unit Type	GST Rate	Effective GST Rate	ITC Eligibility
	GST Rate of Construction Services under old Rate Structure						
1	Construction of Affordable units under old Rate Structure	Residential	-	Affordable	12%	8%	Yes
2	Construction of Non-Affordable units under old Rate Structure	Residential	-	Non-Affordable	18%	12%	Yes
3	Construction of Commercial units under old Rate Structure	Commercial	-	Commercial	18%	12%	Yes

Note: (1) Old rates applicable only to ongoing projects as on 01-04-2019 that exercised the option in Annexure IV on or before 20-05-2019.
(2) Effective GST rate after 1/3rd land deduction as per Para 2 of NN 11/2017.

GST Rate of Other Services related to Construction Industry

#	Particulars	GST Rate
1	Composite supply of works contracts as per section 2(119)	18%
2	Construction services (Sr. No. 3 [xii] of notification no. 11/2017-CT(R)	18%
3	Other construction services (Extra Work, Cancellation Services etc.)	18%
4	Sale of Building after Completion Certificate (BU) and entire consideration received after BU	NIL- Schedule III
5	Sale of Land/Plot	NIL- Schedule III

Rates for Works Contract Services under GST and Service Tax

Works Contract Service under Service Tax	
Particulars	**Service Tax Rate**
On **Service Portion** in execution of works contract	Service Tax @ 15%
On Total Amount - In case of **Original Works**	Service Tax @ 6% after considering abatement
On Total Amount - In case of **Maintenance and Repairs**	Service Tax @ 10.5% after considering abatement

Works Contract Service under GST	
Particulars	**GST Rate**
Government Projects	18% with ITC
Offshore works relating to Oil & Gas Exploration and Production	
Original Work pertains to railway etc. Monorail & Metro	
Single residential house other than part of Residential complex	
Private Works contract Projects (not involving land)	

1.7 GST Rates of Goods & Services w.e.f. 22-09-2025 impacting Real Estate Sector

#	Description	Goods / Services	HSN/SAC	Old GST Rate	New GST Rate w.e.f. 22-09-25
1	All bars and rods, of iron or non-alloy steel	Steel	7213 to 7215	18%	No change
2	Angles, shapes and sections of iron or non-alloy steel		7216	18%	
3	Wire of iron or non-alloy steel		7217	18%	
4	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers	Cement	2523	28%	18%
5	Cement Bonded Particle Board		44	12%	5%
6	Ready-mix concrete (RMC)		3824 50 10	18%	No change
7	Sand lime bricks or Stone inlay work	Sand / Bricks	68	12%	5%
8	Articles of cement, of concrete or of artificial stone, whether or not reinforced (Precast concrete products - paver blocks)		6810	18%	No change
9	Fly ash bricks/fly ash aggregate/Fly ash blocks - Without ITC		6815	6%	
10	Fly ash bricks/fly ash aggregate/Fly ash blocks- With ITC		6815	12%	
11	AAC blocks (Autoclaved Aerated Concrete Blocks) (Containing more than 50% Fly Ash Content- Circular 247/04/2025)		6815	12%	
12	Earthen or roofing tiles / Building Bricks / Bricks of fossil meals or similar siliceous earths		6901/04/05	12%	
13	Supply of job work in relation to bricks which attract GST at the rate of 5%		9988	12% (With ITC)	5% (With ITC)
14	Natural Sand / Stone aggregates	Sand / Bricks	2505/17	5%	No change
15	Ceramic tiles (floor/wall)	Tiles	6907	18%	No change
16	Marble and travertine, crude or roughly trimmed	Marble	2515 11 00	5%	No change
17	Marble and travertine blocks		2515 12 10	12%	5%
18	Marble and travertine, other than blocks		2515 12 20/90	18%	No change
19	Granite crude or roughly trimmed	Granite	2516 11 00	5%	No change
20	Granite blocks		2516	12%	5%
21	Granite, other than blocks		2516 12 00	18%	No change
22	Wall putty / mastics / caulking compounds	Putty	3214	18%	No change
23	Wallpaper & wallcoverings	Paints & covers	4814	18%	
24	Paints, varnishes and primers		3208 to 3210	18%	
25	Gypsum; plaster (including Plaster of Paris)		2520	5%	
26	Ceramic sanitary fixtures	Sanitary & valves	6910	18%	No change
27	Taps, cocks and valves		8481	18%	
28	Waterproofing chemicals	Waterproofing	3824	18%	No change
29	PVC/CPVC/HDPE pipes & fittings	PVC	3917	18%	No change
30	Fire Extinguishers	Fire Safety System	84241000	18%	No change
31	Fire Sprinkler Systems		8424	12%	5%
32	Fire alarm Smoke Detectors and Heat Detectors		8531	18%	No change
33	Elevators / lifts	Lift	84281011	18%	No change
34	Solar power-based devices	Renewable Energy Devices	84, 85, or 94	12%	5%
35	Solar power generator				
36	Wind mills, Wind Operated Electricity Generator				
37	Waste to energy plants / devices				
38	Sprinklers; drip irrigation system including laterals; mechanical sprayers	Sprinklers	8424	12%	5%
39	Composite supply of works contract services involving predominantly earth work (that is constituting more than 75 percent of the value of the works contract) provided to Government	Works Contract Services	9954	12% with ITC	18% with ITC
40	Composite supply of works contract provided by a sub contractor to the main contractor providing services at (i) above to Government				
41	Composite supply of works contract and associated services, in respect of offshore works contract relating to oil and gas exploration and production in offshore area.				
42	Safety glass (tempered/laminated)	Glass	7007	18%	No change
43	Labour Charges	Labour	9985	18%	No change

2.10 GST on Long Term Lease of Industrial Plots by State Industrial Development Corporations

State Industrial Development Corporations (such as GIDC, MIDC etc.) across the country give land on long term lease basis (more than 30 years) to industrial units. Lease deed also permits the lessee to assign his interest in the given plot (for the remaining part of lease) to any other person subject to the approval of State Industrial Development Corporation.

State Industrial Development Corporation → **Granting of Long-Term Lease of Industrial Plot** → **Industrial Units (Original Lessee)**

Taxability on transfer of long term lease hold land from State Industrial Development Corporation (such as GIDC, MIDC etc.) to business entity.

Exemption under Entry 41 of notification 12/2017 CT(R) dtd 29-06-2017 as amended	GST is exempted on 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 percent. or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area.

Condition for exemption [Entry 41 of NN 12/2017 CT(R)]	Any violation or change in land use will hold the original lessor, original lessee (industrial units) and any subsequent lessee or buyer jointly liable for the central tax amount that would have been payable on the upfront lease amount, along with interest and penalty. Lease or sale agreements must explicitly state the exemption of central tax on long-term lease and ensure compliance by all parties involved.

Circular No. 101/20/2019-GST dated 30-04-2019	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 installments, provided the amount is determined upfront.

Industrial Units (Lessee - Assignor) → **Assignment of Lease hold rights** → **Another Industrial Units (Lessee - Assignee /Allottee Lessee)**

Taxability on assignment of long term lease hold land from the business entity to another business entity.

Case Reference	Court	Summary of matter	Judgement
GCCI vs UOI & ors dtd. 03-Jan-2025 [2025 (1) TMI 516]	**Gujarat High Court**	Whether assignment by sale and transfer of leasehold rights of the plot of land allotted by GIDC by the lessee in favour of a third party for consideration would amount to "supply" under section 7(1)(a) of the GST **Held by the Court:** Assignment by sale and transfer of leasehold rights of the plot of land allotted by GIDC to the lessee in favour of third party-assignee for a consideration shall be assignment/sale/transfer of benefits arising out of "immovable property" by the lessee-assignor in favour of third party-assignee who would become lessee of GIDC in place of original allottee-lessee. In such circumstances, provisions of section 7(1)(a) read with clause 5(b) of Schedule II and clause 5 of Schedule III would not be applicable to such transaction and the same would not be subject to levy of GST under section 9 of CGST Act.	No GST leviable on assignment of leasehold rights to Third party-assignee/allottee lessee

3.1 GST on Plotting Projects

Plotting projects under GST have been a continuous subject of controversy. The department has consistently raised demands seeking tax on such transactions, while clarity has remained limited. Key questions still persist – whether plotting projects under a Joint Development Agreement (JDA) are exempt or taxable and whether development rights transfer in such cases falls outside GST. Though a circular clarifies that basic development of land will not attract GST, ambiguity remains as to what exactly should be considered as "basic development." This uncertainty has led to differing interpretations and ongoing disputes.

Different Models under Plotting Project

Vacant Plot

\+ **Basic Development** levelling, laying down of drainage lines, water lines, electricity lines Boundary wall etc.

= **Basic Plot**

Vacant Plot

\+ **Basic Development** levelling, laying down of drainage lines, water lines, electricity lines Boundary wall etc.

\+ **Extra Development** Landscaping, Club House

= **Developed Plot**

Vacant Plot

\+ **Basic Development** levelling, laying down of drainage lines, water lines, electricity lines Boundary wall etc.

\+ **Extra Development** Landscaping, Club House

\+ **Villa Construction** Construction of Luxurious Villa

= **Farm House / Villa Project**

3.2 Relevant Provisions related to Sale of Land with and / or without basic development

Schedule III of CGST Act	It specifies transactions of Sale of land - treated neither as a supply of goods nor as a supply of services. Relevant extract: *"Schedule III Entry 5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building."*
Plotting Project Considered as "Real Estate Project"	RERA Act 2016 define "Real Estate Project" under clause (zn) of section 2 : *(zn) "real estate project" means :* *-the development of a building or a building consisting of apartments, or* *-converting an existing building or a part thereof into apartments, or* *-the development of land into plots or apartment, as the case may be,* *for the purpose of selling all or some of the said apartments or plots or building, as the case may be and includes the common areas, the development works, all improvements and structures thereon and all easement, rights and appurtenances belonging thereto;*
Circular No. 177/09/2022 dtd 03-Aug-2022	*This circular clarifies that Sale of land, even after basic development, is covered under Schedule III Entry 5 →* **No GST.** Relevant extract: *Issue 14 of Circular: Whether sale of land after levelling, laying down of drainage lines etc., is taxable under GST ?* *14.1 Representation has been received requesting for clarification regarding applicability of GST on sale of land after levelling, laying down of drainage lines etc.* *14.2 As per Sl no. (5) of Schedule III of the Central Goods and Services Tax Act, 2017, 'sale of land' is neither a supply of goods nor a supply of services, therefore, sale of land does not attract GST.* *14.3 Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and is covered by Sr. No. 5 of Schedule III of the Central Goods and Services Tax Act, 2017 and accordingly does not attract GST.* *14.4 However, it may be noted that any service provided for development of land, like levelling, laying of drainage lines (as may be received by developers) sh*all attract GST at applicable rate for such services.

3.3 Taxability of Components of Developed Plots

#	Consideration for	Type	Output Supply	Input Supply	Remarks	Disclosure in GSTR-1 and GSTR-3B
1	Sale of Land with boundary wall, drainage, road, levelling etc.	Immovable Property	GST Not Applicable	ITC directly related to Land development will not be available	For common ITC, amount attributable to Land consideration will have to be reversed in that proportion considering SALE OF LAND AS EXEMPT SUPPLY	Although such receipts are towards no supply, for the purpose of ITC reversal, it is advisable to disclose such receipts as Exempt supply in GSTR-1 as well as GSTR-3B
2	Other construction	Other Construction Services	GST Applicable @ 18%	ITC directly related to such construction income will be available in full		To be disclosed as taxable supply in GSTR-1 as well as GSTR-3B
3	Development Charges (Club House etc.)					
4	Villa on Land					

3.4 Relevant Judgements & Advance Rulings for plotting projects

#	Name of the applicant	Authority	Date	Ruling Given by Authority	GST Applicable?
1	Dipesh Anil kumar Naik	Gujarat AAR	19-08-2020	Sale of Developed Plots i.e., sale of plots with common basic amenities will be considered as 'construction service'.	Yes, GST @ 5%
2		Gujarat AAAR	22-12-2021		Yes, GST @ 18%
3	Shantilal Real Estate Services	Goa AAR	18-05-2021	Sale of Developed Plot is not a supply.	No
4	Circular 177/09/2022	CBIC	03-08-2022	Sale of Developed Plot is not a supply.	No
5	M/s Rabia Khanum	KAR AAR	08-09-2022	Sale of Developed Plot does not attract GST referring to above circular	No
6		KAR AAAR	14-02-2023		
7	Godrej Properties	KAR AAR	26-04-2023	Sale of Developed Plot does not attract GST	No

M/s Godrej Properties Limited – Karnataka AAR

1. Whether applicant is liable to charge GST, if booking of plot, receipt of consideration and agreement for sale is entered as well as sale deed is executed **after the release certificate,** on the following components:

   (a) Sale of Plot (b) Basic Infrastructure Development charges

   (c) Other common amenities & facilities charges

2. Whether applicant is liable to charge GST, if booking of plot and / or receipt of consideration and / or **agreement for sale is entered prior to the release certificate** and **sale deed is executed after the release certificate, on the following components:**

   (a) Sale of Plot (b) Basic Infrastructure Development charges

   (c) Other Common amenities & facilities charges.

3. What is the applicability of GST if the sale price is a **consolidated price** in agreement for sale towards land cost, basic infrastructure development charges and other common amenities and facilities charges?

Summary of Ruling by AAR

Particulars	Booking, Receipts & ATS after release certificate	Booking, Receipts before certificate and ATS after certificate
Sale of Plot	Not liable to GST	Not liable to GST
Basic infrastructure development charges	Not liable to GST	Not liable to GST
Other common amenities and facilities charges	GST applicable	GST applicable
Sale Price is consolidated price in ATS towards Land, basic Infrastructure & common amenities and facilities	GST is applicable on charges proportionate to common amenities and facilities	GST is applicable on charges proportionate to common amenities and facilities

3.7 GST on Slum Redevelopment / SRA Projects

Under the Slum Rehabilitation Project, the local authority or Municipal Corporation collaborates with a private developer to redevelop slum-encroached land. The developer undertakes the construction of free housing units for eligible slum dwellers, as mandated by the Slum Rehabilitation Authority (SRA). In return, the developer is compensated with development rights in the form of FSI, TDR, or Free Sale Area, which can either be utilized for constructing additional saleable units or sold in the open market.

Taxability of SRA under GST

Transaction	Supplier	Recipient	Nature of Supply	GST Applicability
Works contract Services Slum Rehabilitation / Redevelopment	Developer / Promoter	Local Authority / Corporation	Construction & Redevelopment of slum Land by constructing building for existing Slum Dwellers	Works Contract Services - Entry 6(a) of Schedule II taxed @ 18%
Granting of Development Rights (TDR) / FSI	Local Authority / Corporation	Developer / Promoter	Transfer of Development Rights as a consideration to developer	Non GST treated under article 243W/G
Transfer of Free Sale Land	Local Authority / Corporation	Developer / Promoter	Transfer of Free Sale Land as a consideration to developer	Non GST Schedule III
Slum improvement and upgradation services	Developer / Promoter	Government Authority	-	Exempt under Entry 3B of NN 12/2017 CT(R)

3.8 Taxability of Slum Rehabilitation, Slum Redevelopment and Slum Improvement & Upgradation

Type of Slum Project	Service Type	Recipient	Taxability
Slum Rehabilitation (In-situ)	Composite Supply of Works Contract	Any Person	18%
Slum Redevelopment (In-situ)	Composite Supply of Works Contract	Any Person	18%
Slum Improvement & Upgradation	Supply of Services	Govt. Authority	**Exempt NN 12(Entry 3B)**
Slum Improvement & Upgradation	Supply of Services	Any Person	18%

4.9 GST Implications on Solar Power Plants

Periodic changes in GST on Solar Power Plants

Effective Period	Notification /Circular Reference	Description / Coverage	GST Rate on Goods Portion	GST Rate on Service Portion	Overall Effective Rate
01-07-2017 to 31-12-2018 (Actual basis)	Notification 01/2017-CTR, Sr. No. 234	Solar Power Generating System & parts (modules, inverters, transformers etc.)	5%	18%	on Actual Basis
Effective Period	**Notification /Circular Reference**	**Description / Coverage**	**GST rate on 70% of the contract value deemed as Goods**	**GST rate on 30% of the contract value deemed as Services**	**Overall Effective Rate**
01-01-2019 to 30-09-2021	Notification 24/2018-CTR	Insertion of explanation for **70:30** deemed valuation in Entry 234 of NN 01/2017 CT(R)	5%	18%	8.90%
	Notification 27/2018-CTR	Insertion of Entry 38 in NN 11/2017 CT(R) for GST on 30% Service Portion			
01-10-2021 to 21-09-2025	Notification 08/2021- CTR	Entry 234 removed and new entry inserted 201A in Schedule 12%	12%	18%	13.80%
22-09-2025 onwards	Notification 09/2025-CTR	Rate reduced pursuant to Notification No. 09/2025-CT(R)	5%	18%	8.90%

Circular 163/19/2021-GST -Clarification on retrospective applicability of 70:30 w.e.f 01-07-2017

Supply of Solar Plant as	Valuation
Composite Supply	If the Solar Power Generating System or parts thereof is supplied as a part of composite contract for supply of goods and services for a common price then the value shall be deemed to be 70% for goods and 30% for services as per explanation inserted in notification.
Individual supplies/ separate supplies	If such Solar Power Generating System and / or parts and the related services such as installation, commissioning, etc. are procured from more than one vendor whereby the prices are negotiated based on individual goods and service, then such supply can be billed at their specified rates under the GST schedules.

Solar Power Generating System classified as Composite Supply - not "Works Contract" or "Immovable Property"

Sterling And Wilson Private Limited Andhra Pradesh High Court TS-07-HC(AP)-2025-GST	The Andhra Pradesh High Court held that the Solar Power Generating System supplied and installed by the petitioner does not qualify as an immovable property. The Court applied the principles laid down by the Supreme Court in Commissioner of Central Excise, Ahmedabad v. Solid and Correct Engineering Works and observed that although the mounting structures are embedded in the earth, **the solar modules and the generating system are not attached for the permanent beneficial enjoyment of the land. Instead, the civil foundation is embedded only for the beneficial functioning of the Solar Power Generating System itself. Therefore, the system cannot be treated as immovable property.** Based on this finding, the Court concluded that the transaction does not fall within the definition of a “works contract” under Section 2(119) of the GST Act. The Court held that the supply of the Solar Power Generating System is a composite supply and not a works contract, as the condition of resulting in immovable property was not satisfied. Consequently, the impugned assessment treating the activity as a works contract taxable at 18% was set aside.

Rooftop solar-power plant at shopping mall qualifies as 'plant and machinery' and eligible for ITC

Grand Centre Mall Kerala Advance Ruling Authority AAR -KER/15/2025	**Observations by AAR:** The solar power plant is used in the course of furtherance of business and, since its mode of installation satisfies the legal test of being “fixed to the earth by foundation or structural support,” it qualifies as ‘plant and machinery’. It is integrally linked to the applicant’s business operations, as systems like lighting, air-conditioning, CCTV, networking infrastructure, UPS, lifts and escalators are essential for the functioning of a modern commercial mall. On applicability of ‘blocked credit’ u/s 17(5), AAR clarifies that “the solar panels and systems are mounted without major civil structures and can be dismantled without significant damage or effort. As such, they do not qualify as immovable property under general legal interpretation. Hence the restrictions under Sections 17(5)(c) and 17(5)(d) of the CGST Act are not applicable in the present case.

9.7 Validity of 1/3rd Land Deduction Under GST

Munjaal Manishbhai Bhatt I 06-May-2022 I Gujarat High Court | 2022 (5) TMI 397

Facts of Case	The writ applicant entered into agreement with Navratna Organisers & Developers Pvt. Ltd for Purchase of plot of land along with Development of Bungalow on land. The agreement specified separate considerations for the land and the construction of the bungalow. According to the agreement, the writ applicant was responsible for paying all applicable taxes, including GST on entire consideration of sale of land and development of Bungalow after allowing 1/3rd of value towards land in accordance with the impugned paragraph 2 of Notification 11/2017 CGST Rate. The writ applicant contested the validity of the notification, claiming it was delegated legislation beyond the scope of the GST Acts. They argued that GST should apply only to construction services. The entire value of the land, they contended, ought to be excluded from the tax base.
Taxpayer Argument	• By taxing consideration attributable to land through a deeming fiction, the notification exceeds the scope of Sections 7, 9 and 15 of the GST Acts. • In petitioner's case, separate consideration was agreed for land and construction. When actual land value is ascertainable, tax must be on actual construction value; deeming it as only 1/3rd is arbitrary and contrary to Section 15(1). • Earlier VAT and Service Tax laws, guided by Gannon Dunkerley and Larsen & Toubro, allowed deduction of actual land value and only prescribed fixed percentages where actual value was unascertainable. • The 14th GST Council minutes show 1/3rd abatement was discussed only for flats / apartments with undivided land share, not for independent plots with separate land pricing. • In applicant case, the construction portion is only about 15-20% of the total agreement which is coterminous with the extent of construction to be made on the land. While the plot size is 1021 Sq. Mts., the built-up area is only 160 Sq. Mts. • Same 1/3rd deduction applies irrespective of land size or construction portion, causing higher tax in cases like petitioner's (large land, small construction) compared to flats. • Section 15(5) permits prescription by rules (not notification) for "supplies" only; land is neither goods nor services.
Department Contentions	• GST Council recommended standard deduction of 1/3rd land value to avoid valuation disputes and possible tax evasion from inflated land pricing. • Petitioner's agreement is not for mere land sale; it is an integrated package of developed land, construction and common amenities (roads, waterlines, drainage, club, security, etc.). Such developed plots fall under Para 5(b) of Schedule II (construction service), not Schedule III (sale of land). • Supreme Court in Narne Construction held sale of developed plot is not pure land sale; it involves service elements. Value of common amenities and approvals is inseparable from transaction value. • Even if inequities arise in some cases, it is not ground to strike down; legislature has wide latitude in tax classification (VKC Footsteps, Nitdip Textiles). • If land value in contract were accepted at face value, parties could artificially inflate land price to reduce GST liability on construction. Standard deduction is a safeguard against such practices. • Writ petitions against Advance Ruling Appellate orders are not maintainable under Article 226.
Court Ruling / Observation	• Sale of land is excluded from GST under Section 7(2) read with Entry 5 of Schedule III; only construction service can be taxed. In the case, the land was already fully developed before the agreement, so the only taxable supply was construction undertaken for the petitioner. • The impugned 1/3rd standard deduction applied even when actual land value was clearly ascertainable, which is contrary to Section 15 requiring valuation on actual consideration. • The deeming fiction was originally contemplated only for flats/apartments with undivided land share where actual land value was hard to determine but was wrongly extended to all cases. • Uniform deduction without regard to transaction type or land-to-construction ratio is arbitrary and not in line with the statutory valuation scheme. • The measure of tax must align with the charge of tax; here, part of the land value (which GST law excludes) was effectively taxed. • Entry 5(b) of Schedule II only decides whether a transaction is goods or services and does not expand the scope of supply. • Paragraph 2 of the notification, prescribing 1/3rd deduction in all cases, was held ultra vires the GST Acts and violative of Article 14 and was struck down.
Held	The Court struck down paragraph 2 of Notification No. 11/2017-Central Tax (Rate) and its State counterpart, which mandated a uniform 1/3rd deduction for land value in construction contracts, holding it ultra vires Sections 7, 9 and 15 of the GST Acts and violative of Article 14 of the Constitution; it ruled that when the actual land value is ascertainable, GST can only be levied on the construction portion with full exclusion of land value and found the deeming fiction arbitrary, discriminatory and without nexus to the charge of tax, thereby allowing the writ petitions and granting consequential relief to the petitioners.