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C.V.O.CA'S NEWS & VIEWS

From President's Desk...

Dear Professional Colleagues and Readers,

As I pen down my last communication as President of this esteemed and vibrant association, I am filled with mixed emotions of happiness, contentment, and fulfillment. It has been an incredible honor and privilege to lead this association during its golden jubilee year.

I would like to extend my heartfelt thanks to each one of you for giving me the opportunity to serve and lead. Your unwavering support, dedication, and enthusiasm have been the cornerstone of our collective success. Together, we have achieved remarkable milestones, and it is with great pride that I reflect on our accomplishments. Thank you once again for your trust and confidence in me.

I am especially grateful to the office bearers for their unwavering support throughout the entire year. My gratitude also extends to the past presidents and senior members whose non-comparable support has been invaluable.

I thank the managing committee members and joint convenors for keeping the spirits high all year round. Your dedication and hard work have been instrumental in our successes. Additionally, I deeply appreciate the enthusiasm and uncontested support of the sub-committee members.

The discipline and modus operandi with which this association functions are truly commendable. The collaboration of three generations of leaders working as a team, where young minds are empowered and mentored, has created a foundation of irreplaceable assets and future leaders. These leaders, imbued with strong values, determination, and ethics, will undoubtedly contribute significantly to the society and the nation.

This year, I had the opportunity to be part of the organizing team for four Residential Refresher Courses, various study circles, and numerous recreational programs such as trekking, night cycling, and two family picnics—one in India at Satpura and an international picnic in Baku and Gabala. We also conducted an Industrial Visit at Surat, launched the Value Investing Club, and organized one of the finest capital market conclaves, Investocraft. We also held public programs and financial literacy initiatives, launched the mentoring program for students and student news bulletin- Indradhanush. Further, for the first time, organized the CVOCA Entrepreneurship and Leadership Awards 2024, which received a significant number of nominations and featured a brilliant jury panel with the objective to recognize professional excellence in leadership and entrepreneurial roles at community level. Team also organised TDS/ TCS, GST courses and launched office automation course for the first time

All these events, with their record-high participation, were made possible by the love and enthusiasm of our members for the association.

Now it is a time for the closure of the golden jubilee celebration by a spectacular garba evening and grand members get together DHOLIDA on the day of AGM on June 8, 2024 for which we look forward for everyone's participation with family.

It is now time to pass the baton to my worthy and able successor; I wish him a very successful and eventful term and wish him a very successful year ahead.

Thank you all..... Always in Gratitude

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June 1, 2024

REAL ESTATE TAXATION

FAIRNESS OF INDIAN ELECTIONS: A TIME-TESTED DEMOCRATIC PROCESS

CA Ameet Chheda
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FROM THE DESK OF CHAIRMAN

We are in last phase of our assembly elections. India, the world's largest democracy, conducts elections that are often lauded for their scale, complexity, and integrity. The fairness of Indian elections is a testament to the robust democratic framework established since independence.

Each time, we have experience that the losing party raises concerns over some or other issues. In this article I ll try to delve into various aspects of election fairness in India, supported by historical incidents that highlight the resilience and credibility of the electoral process.

The Role of the Election Commission of India (ECI)

ECI, is the cornerstone of free and fair elections in India. Established in 1950, the ECI is an autonomous constitutional authority responsible for administering election processes at the national and state levels. Its primary functions include the preparation and maintenance of electoral rolls, the regulation of political parties and candidates, and the conduct of free and fair elections.

Some of the measures impremented by the ECI to ensure the fairness of elections, include:

1. **Model Code of Conduct.**
2. **Electronic Voting Machines**.
3. **Voter Verified Paper Audit Trail**

The Model Code of Conduct (MCC) is a vital instrument employed by the ECI to maintain the sanctity and fairness of the electoral process. This code comprises a set of guidelines for political parties, candidates, and governments to ensure that elections are conducted in a free and fair manner, devoid of any malpractice or unfair advantage.

The MCC is divided into eight parts, each addressing different aspects of the conduct expected from stakeholders during the election period. To understand, below are the key guldliens:

General Conduct: This section prohibits activities that could disturb the peace and tranquility during the election period. Political parties and candidates are instructed to avoid:

- Criticism of other parties based on unverified allegations or personal attacks.
- Provocative speeches that can incite communal or caste-based hatred.
- Use of places of worship for election propaganda.
- Bribing or intimidating voters.

Party in Power: Special guidelines have been framed for the party in power to ensure a level playing field:

- Ministers and other authorities should not combine official visits with electioneering.
- No new schemes or projects can be announced that could influence voters.
- Government transport, machinery, and personnel should not be used for election purposes.

Meetings: Guidelines for holding public meetings and processions include:

- Seeking prior permission from local authorities.
- Ensuring that processions do not disrupt traffic or create public inconvenience.
- Avoiding the use of loudspeakers and other instruments that cause noise pollution beyond prescribed limits.

Polling Day: On the day of polling, parties and candidates are required to:

- Refrain from campaigning within 100 meters of polling stations.
- Avoid distributing liquor or other intoxicants.
- Ensure that no one obstructs the voters from reaching the polling booths.

Polling Booths: Rules concerning polling booths include:

- Setting up booths beyond 200 meters of the polling stations.
- Only one booth per candidate is allowed, manned by authorized personnel.
- No canvassing or display of election symbols near the polling booths.

We all know, how Mrs. Indira Gandhi's violated the electoral code of conduct and lost the case in the Allhabad high court. Mere use of a Government Officers viz Mr. Yashpal Kapoorfor her election campaign lead to her disqualification for 6 years. Just to circumvent the ruling that evening Mrs. Gandhi announced the emergency in India.

Further, 2014 General Elections was marked by the highest voter turnout in Indian history (66.38%), and was a testament to the robustness of the electoral process. The peaceful transition of power from the United Progressive Alliance (UPA) to the National Democratic Alliance (NDA) underscored the maturity of Indian democracy.

Despite these successes, Indian elections face challenges like Electoral Violence, excessive us of Money to buy votes, criminalization of politics, State Funding of Elections.

The fairness of Indian elections is a testament to the country's commitment to democratic principles. Despite facing numerous challenges, the Election Commission of India has consistently upheld the integrity of the electoral process through innovative measures and strict enforcement of laws. Historical incidents further illustrate the resilience of India's democratic framework, ensuring that the voice of the people continues to shape the nation's future.

Thank you all..... Always in Gratitude

CA Ameet Chheda

CASE STUDY - 1
ON SOCIETY REDEVELOPMENT

FACTS OF THE CASE

ABC Co-operative Housing Society Ltd ("Society") is a 50 years old building constructed on a freehold land situated at Dadar, Mumbai consisting of 20 members. Due to the dilapidated condition of the building Society handed-over the development rights to "Best Developer Limited" and the receipt of Completion Certificate is due in next 2 months.

1. Total Carpet area of new building – 50000 sq. ft.
2. The aggregate existing carpet area of flats owned by Old Members is 12,000 sq. ft. They shall be entitled to 35% additional area over and above their existing carpet area. Aggregate new carpet area of flats for old members – 16,200 sq. ft.
3. Corpus of Rs. 20 lacs each to old members.
4. Hardship compensation of Rs. 10 Lakhs for the difficulty created due to vacating the existing premises, moving into new rental premises, etc.
5. Rent of Rs. 80K per month for the next 48 months
6. Area for sale to new members / purchasers – 33,800 sq. ft. Estimated sale consideration Rs. 200 crores.
7. Estimated Cost of the project – 150 crores.
8. Few Society Members are purchasing extra area for which consideration is mutually agreed at 20% less than the prevailing stamp duty ready reckoner rate.
9. The developer intends to sell the flat at Rs 45,000/- per sqf to the new buyers.
10. The developer has opted for new scheme of taxation under GST with effect from 01.04.2019
11. The Developer is of the view that 30% of the new flats will remain unsold till the receipt of Completion Certificate.
12. The developer intends to purchase FSI/TDR from open market.

Society, Society members and Developer understand that a lot of complex taxation and legal issues arise on receipt of Completion certificate of a project. In this regard, the client seeks advice on the following issues from Direct tax and Indirect tax.

CASE STUDY - 1
DIRECT TAX PERSPECTIVE

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In Metro cities, buildings and societies going in to redevelopment is a very common sight. The demand of residential houses due to incoming of people exceeds far more than the supply. Land is a limited resource and hence horizontal expansion is not possible. To fulfill the every growing needs, metros are undertaking vertical and upward expansions. This has lead to redevelopment of buildings and societies. Redevelopment can give rise to various tax complexities. Every redevelopment has to be seen on an independent basis and the same resolution cannot be applied to each case of redevelopment. This article applies to given facts of the case and may not apply to other specific facts of redevelopment.

The facts of the present case study depict a typical case of redevelopment with the above terms being commonly agreed upon between the society, the members of the society and the developer. The article on direct tax implications in the present case study broadly involves

i. The Society

ii. The Members of the society

iii. The Developer

CONCEPT OF REDEVELOPMENT

Generally the society owns land / building. The flats in the building of the societies are occupied by members of the society who hold shares in the share capital of society. Buildings over the period of time become dilapidated and cannot be merely corrected by reparation or renovation work. Therefore societies of such building have to undertake redevelopment activity to make them habitable. The societies do not have sufficient expertise and funds to redevelop the buildings on their own. Therefore the societies approach the developers who bring in their skill of constructing buildings and also finance the construction activity against an entitlement to sell the agreed developed area available for independent sale. In redevelopment the existing structure of the building is demolished and new building is constructed as per the permissible Development Control Regulations.

TAX IMPLICATIONS IN THE HANDS OF SOCIETY

A. Is transfer of development rights by society to developer subject to tax

The Plot of land is owned and held by the society as a Capital Asset. The development right emanates from the plot of land and therefore takes the same colour as that of the land. In order to tax capital gains arising from transfer of capital Asset under the provisions of Sec 45, basic conditions are to be present. Let's check for presence of each of the conditions in the present facts of the case

a. Existence and ownership of the Capital Asset

i. The plot of land belonging to the society continues to belong to the society even after redevelopment and even after the developer has sold flat which he is entitled to new members. What is transferred by the society to the developer is the right to the construct and develop the building and not the plot of land itself. A particular thing, right or interest are capital asset

within meaning of section 2(14) and accordingly development right is also a capital asset within the said definition under the income tax provisions. The development right transferred by the society to the developer is a capital asset.

b. Transfer as per Sec 2(47)

i. The transfer of the development rights does not get covered under provisions of Sec 2(47)(i) and (ii) as it is not in the nature of sale, exchange or relinquishment of the asset or extinguishments of rights. The society is the owner of plot of the land and there by owner of the development rights emanating from the plot of land. Even after redevelopment, the plot of land shall remain with the Society. Hence there is no sale, exchange, relinquishment of asset or extinguishment of right.

ii. The transfer of the development get covered under provisions of Sec 2(47)(v) and (vi). The extract of the provisions Sec 2(47)(v) and (vi) are reproduced as under:

v) any transaction involving the allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882) ; or

(vi) any transaction (whether by way of becoming a member of, or acquiring shares in, a co-operative society, company or other association of persons or by way of any agreement or any arrangement or in any other manner whatsoever) which has the effect of transferring, or enabling the enjoyment of, any immovable property.

In the case of redevelopment, ownership of land is generally vested in the developer in accordance with the provision of Sec 53A of the Transfer of Property Act, 1882. In redevelopment, the possession has to be an absolute possession to enable the developer to enter the property, grant an authority to do all such acts to construct the building, enjoying rights akin to those of the owner. As laid down by Supreme Court in the case of Shirmant Shamrao Suryavanshi 3 SCC 676, six conditions have to be fulfilled for a transfer to be in accordance with Sec 53A as follows:

1. there must be a contract to transfer for consideration any immovable property;
2. the contract must be in writing, signed by the transferor, or by someone on his behalf;
3. the writing must be in such words from which the terms necessary to construe the transfer can be ascertained;
4. the transferee must in part performance of the contract take possession of the property, or of any part thereof;
5. the transferee must have done some act in furtherance of the contract; and
6. the transferee must have performed or be willing to perform his part of the contract.

The terms of the development agreement entered into between the society, the society members and the developer will have to be checked for fulfillment of all the above six

conditions to conclude the transfer to be in accordance with Sec 53A of the Transfer of the Property Act, 1882. The year of transfer shall be the year in which the above contract becomes enforceable.

iii. The transfer if not qualified to be transfer within the provisions of Sec 2(47)(v), should be checked for qualifying as a transfer within the provisions of Sec 2(47)(vi). The Supreme Court in the case of Balbir Singh Maini 86 Taxmann.com 94 has interpreted the provisions of Sec 2(47)(vi). It has held as under:

The expression "enabling the enjoyment of" takes colour from the earlier expressions "transferring", so that it is clear that any transaction which enables the enjoyment of immovable property must be an enjoyment as a purported owner thereof. The idea is to bring within the tax net, transactions where, though title may not be transferred in law, there is, in substance a transfer of title in fact.

The terms in the development agreement has to be checked to test whether the transfer is within the provisions of Sec 2(47)(vi)

c. Transfer is for a Consideration

i. No consideration is paid by the developer to society. Instead every member of the society is entitled to corpus of Rs. 20 Lakhs. It can be presumed that the said amounts received by the members would be on account of transfer of development rights as the member is already receiving rent as well as hardship compensation. It is a practice in many cases where consideration for transfer of development rights is paid to the members of the society in place of the society itself.

ii. As there is no receipt of consideration in the hands of the society, apparently no capital gains can be computed. But can it be said that amounts received by the members of the society accrues to the society as the plot of land is owned by the society and hence the development right is also owned by the society. Can the amount received by the member be regarded as full value of consideration and be taxed in the hands of the society.

iii. A similar case arose in the case of Raj Ratan Palace 46 SOT 217 (Mum ITAT) where developer paid to the society a consideration of Rs. 2.51 lakhs for granting consent and in addition, paid to members of the society amounts aggregating to Rs. 302 lakh. The Assessing Officer taxed the amounts received by the members also in the hands of the society on the ground that it was the society which was the owner of the land and by virtue of certain clauses in the agreement, according to the Assessing Officer, the society was entitled to the entire consideration. The Assessing Officer taxed the society, under section 2(24), even on amount received by the members. The Tribunal held that *"the society continued to be the owner of the land and no change in ownership of land had taken place." The Tribunal held that "mere grant of consent would not amount to transfer of land/or any rights therein." The Tribunal also noted that some of the individual members had offered the receipts from the developer to tax and the same had also been brought to tax in the hands of the individual members. In these facts, the Tribunal held the addition made in the hands of the Assessee society to be without any basis.*

There is no consideration received by the society and therefore the full value of consideration is NIL and hence no capital gains can be taxed in the hands of the society on transfer of development rights by the society to the developer.

Can full value of consideration be computed applying the provisions of Sec 50D?

As per the provisions of Sec 50D, where consideration received or accruing as a result of transfer of a capital asset is not ascertainable or cannot be determined, then the fair market value of the capital asset as on the date of transfer shall be deemed to be the full value of consideration.

In the present case, it is not a scenario where the consideration is not ascertainable or consideration cannot be determined. The developer has not given any consideration to the society against transfer of development rights. Therefore the consideration is Nil and hence NIL consideration cannot be substituted for unascertainable consideration. Accordingly Sec 50D cannot be applied to the present facts of the case.

B. Are provisions of Sec 50C applicable to transfer of Development rights in the hands of the Society

1. Section 50C of the Act provides that where capital asset transferred by an assessee is land or buildings or both and full value of consideration of the asset so transferred is less than its stamp duty value then capital gains in respect of the asset transferred (viz., land or building or both) shall be computed by considering stamp duty value of the asset transferred to be full value of consideration.

2. The provisions of Section 50C apply to transfer of land or building or both. Development rights are rights in land and not land. In fact, in case of a society land is never transferred by the society. A mere development potential, not followed by transfer of undivided interest in land, should not come within the net of S. 50C. Various judicial pronouncements have held that provisions of Section 50C shall not apply to transfer of rights in land or building or both

   a. Shakti Insulated Wires Private Limited ITA No. 3710/Mum/07

   b. Voltas Limited 74 Taxmann.com 99 (Mum)

   c. Ronak Marble Industries ITA No. 3318/Mum/2015

   Therefore provisions of Sec 50C are not applicable to transfer of development rights.

TAX IMPLICATIONS IN THE HANDS OF THE EXISTING SOCIETY MEMBERS

A. Is Corpus of Rs. 20 lakhs received by each of the existing society members be subject to tax in their hands

i. Each of the existing members have received a Corpus amount of Rs. 20 lakhs in addition to Rent, hardship compensation and additional area in exchange of the existing area occupied by them. It can be presumed that the said amounts received by the members would be on account of transfer of development rights. The existing society members per se don't own the development rights in the plot of land or the land itself. What they own is the flat in the building on the said plot of land. The corpus amount is received by them by virtue of them owning a flat in the building. The flat owned is a capital asset for the society members. Therefore the corpus amount emanating from and taking the colour of the underlying asset being the flat shall be capital receipt and not revenue receipt.

ii. A few of the judgments have held that corpus amounts being capital receipts shall not be taxable in the hands of the Assessee.

   a. Kushal K Bangia 50 SOT 1

   It is only elementary that the connotation of income howsoever wide and exhaustive takes into account only such capital receipts, which are specifically taxable under the provisions of the Act. Section

2(24)(vi) provides that income includes 'any capital gains chargeable under section 45. Thus, it is clear that a capital receipt simplicitor cannot be taken as income. This clearly implies that a capital receipt in principle is outside the scope of income chargeable to tax and a receipt cannot be taxed as income unless it is in the nature of revenue receipt or is brought within the ambit of income by way of a specific provision in the Act. No matter how wide be the scope of income under section 2(24), it cannot obliterate the distinction between capital receipt and revenue receipt. It is not even the case of the Assessing Officer that the compensation received by the assessee is in the revenue field, and rightly so because the residential flat owned by the assessee in society building is certainly a capital asset in the hands of the assessee and compensation is referable to the same. The only defence put up by the revenue is that cash compensation received by the assesseee is nothing but his share in profits earned by the developer, which are essentially revenue items in nature. This argument, however, proceeds on the fallacy that the nature of payment in the hands of payer also ends up determining its nature in the hands of the recipient. It is now well settled that in order to find out whether it is a capital receipt or revenue receipt one has to see what it is in the hands of the receiver and not what it is in the hands of the payer. The consideration for which the amount has been paid by the developer is, therefore, not really relevant in determining the nature of receipt in the hands of the assessee. In view of these discussion additional compensation received by the assessee cannot be said to be of revenue nature and, accordingly, the same is outside the ambit of income under section 2(24).

b. Jitendra Kumar Soneja ITA No. 291/Mum/2015.

c. Rajnikant D. Shroff ITA No. 4424/Mum/2014.

d. Pradyot B. Borkar ITA No. 4070/Mum/2016.

iii. There is once such judgment of Mumbai tribunal in the case of Deepak Shah 29 SOT 26 which has stated that no Capital Gains shall accrue in the hands of the member as he /she was neither holding any Capital Asset nor the same had been Sold, Exchanged or Relinquished.

It was held as under

Following conditions are necessary to attract section 45(1) : –

a. there should be a 'capital asset';

b. that 'capital asset' should have been held or owned by the assessee;

c. a 'transfer' of that capital asset should have been 'effected';

d. such 'transfer' should have been 'effected' in the previous year, relevant to particular assessment year;

e. profits or gains should have arisen from such 'transfer'.

If these conditions are satisfied then profits and gains-in-question are chargeable to income-tax under the head 'Capital gains' and would be deemed to be the income of the year in which transfer took place. In order to tax capital gains, subject-matter of transfer should be capital asset.

The definition of capital asset given in section 2(14) is for the purpose of the entire Act and not only for the purpose of capital gains. Although a particular thing, right or interest may be a capital asset within meaning of section 2(14), yet transaction in relation thereto may not give rise to taxable capital gains, because of the fact that no transfer as envisaged by the Act is involved. Similarly, certain capital asset which could not give rise to capital gain because of the fact that no cost of acquisition could be envisaged in the acquisition of that asset. It was found that neither the assessee nor the society was in a possession of any T.D.R. The builder was in possession of T.D.R. The Commissioner (Appeals) clearly noted the fact that the society or the members had not technically transferred T.D.R. in the sense of legal authorization. Thus, neither the society nor the members owned or possessed any transferable development rights which were owned and possessed by the builder and in terms of the regulations framed by the Municipal

Corporation, it was permissible for the builder to utilize the said transferable development rights in or with respect to the prescribed area, including the land and building owned by the society. The members of the society had consented to suffer the hardships and in terms of the regulations of the society or otherwise or, in law, the members did not have any say in the matter once the society decided to give its consent. The members of the society had paid for the purchase of the flat, which conferred very limited rights in terms of the regulations of the society and 'right to grant permission for additional construction', as such, did not form part of any rights, but it arose on account of the volition or voluntary desire of a person. Such permission could not be obtained by enforcing any rights or obligations arising from the agreement to purchase the flat and/or the regula- tions of the society. Accordingly, the voluntary consent given could not constitute or form part of the bundle of rights which were owned or possessed by the member in or with respect to the tenure of the flat granted to the member by the society. The area occupied by the members was only a 'measure' in quantitative terms inasmuch as the extent of hardship which might have been faced could not be quantified; when an additional construction is made, the location of the flat, as such, is of no significance or importance, since everyone suffers the hardship and the extent cannot be determine through any 'measure'. The assessee had not transferred any rights in or with respect to flat or compromised any rights in or with respect to flat or suffered any deficiency or limitation in or with respect to the rights in the flat. In fact, they had added the risk of adding load to the building. Accordingly, the cost of flat could not be any measure for the purpose of finding out the cost of the alleged 'capital asset' and the alleged 'transfer' of such an asset.

The assessee was neither holding any capital asset nor the same had been sold, exchanged or relinquish. In other words there was no transfer of capital asset in accordance with the Act. Therefore, section 45 was not attracted in the light of the above discussion. The assessee was not liable to capital gain under section 45.

iv. Based on the above if it is contented that the society members are not the owners of the development right, can the corpus amount received by the members of the society be subjected to tax under the provisions of Sec 56(2)(x). The receipt of corpus money by the society members of Rs. 20 lakhs is above the prescribed limit of Rs. 50,000/-. Can it be taxed on the pretext that the said amounts are received without consideration. Even though there is no direct ownership by the society members in the development rights, there are bundle of rights that are given by them to the developer being permission to demolish their flat, agreeing to the terms of the arrangement, becoming a confirming party to the arrangement, bearing the inconvenience for displacement, cooperating with the developer etc. Hence it cannot be said that the said receipt of corpus amount by the society member is without consideration.

Accordingly the corpus amounts received by the society members are capital receipts not taxable under the head Capital Gains. The same cannot be taxed under Sec 56(2)(x) as receipt of corpus amount cannot be said to be without consideration.

B. Is rent of Rs. 80,000/- per month and hardship compensation of Rs. 10 lakhs received by each of the existing society members from the developer subject to tax in their hands

i. In the redevelopment process, the old building is demolished and the new building is constructed. The existing flat owners are required to move out and stay on temporary accommodation till the new building is constructed and ready for occupation. The developer pays a fixed monthly rent to existing flat owners to enable them to meet the cost of rent. The process of moving out causes a lot of hardships and inconveniences to the flat owners and therefore hardship compensation is paid by the developer to each of the existing member. The taxability of these payments have always been a matter of litigation. The compensation amounts received are not income or revenue receipts within the definition of Sec 2(24).The payments are made by the developer to flat owners

by virtue of them owning the existing flats and the expenses they may incur to shift from their homes to alternate accommodation due to redevelopment. The payments are not in the nature of any earnings made by the society members. Though the tax authorities always want to consider them as revenue receipts taxable under the head Income from Other sources.

ii. There are various judgments which have held that the rent for alternate accommodation and hardship compensation are capital receipts as under:

a. Ajay Parasmal Kothari 159 taxmann.com 570 (Mum ITAT)

It was held that where Assessee received compensation from builder for alternate accommodation on account of vacating flat for redevelopment but Assessee had not utilized rent received for his accommodation, since Assessee had faced hardship by vacating flat for redevelopment, said receipt of compensation for hardship was in nature of capital receipt

b. Narayan Devarajan Iyengar 152 taxmann.com 188 (MUM ITAT)

It was held that where assessee received rent money for alternate accommodation from builder during time of redevelopment of his flat which was distributed by assessee among his brothers and sisters as per will of his father, since, assessee had already offered to tax his share of rent, impugned addition made on account of entire rent amount in hands of assessee was to be deleted

c. Delilah Raj Mansukhani vs ITO, ITA No. 3526/Mum./2017

The coordinate bench of the Tribunal held the rent received on alternate accommodation to be in the nature of capital receipt since the property has gone into re-development and payment is made by the builder on account of hardship faced by the owner of the flat due to displacement of the occupants of the flats.

C. Is the Additional Area of 4200 sq ft received free of cost by the existing society members from the developer subject to tax in their hands

All the existing society members aggregately own an area of 12000 sq. ft. in the existing building. In lieu of their existing area, the developer shall be giving them an additional area of 4200 sq. ft. free of cost. Against smaller units, the flat owners after redevelopment are getting bigger units at no additional cost. This is a common practice in most of the redevelopment case. In this scenario there is transfer of existing flat in lieu of new flat. Accordingly even though there is no flow of money or transaction of money but an exchange, capital gains would accrue to the flat owner.

TIME OF ACCRUAL

Capital gains would accrue to the flat owner when the redevelopment agreement has been signed and a vacant possession has been handed over by the flat owner to developer.

VALUE OF CONSIDERATION

There is no provision under law which gives what value has to be adopted for determining the full value of consideration in case of such transactions. The stamp duty value of the new flat to be received would be one of the values that can be adopted to determine the full value of consideration. However adoption of different value for determining the full value of consideration is still open for both the department as well as the Assessee.

EXEMPTION U/S. 54 ON CAPITAL GAINS

In case the flat owners are Individuals and HUFs, then they can claim exemption for Capital Gains u/s. 54 arising on transfer of existing flat against the new flat after redevelopment provided other condition of Sec 54 are fulfilled by them. The Capital Gains computed can be claimed to be utilized for making investment in the full value of consideration of the new flat to claim exemption u/s. 54.

D. Is TDS required to be deducted by the existing society members towards the Additional Area of 4200 sq ft received free of cost from the developer u/s. 194-IA

TDS under Sec 194-IA is deductible when the transferee makes payment of any sum by way of consideration to the resident transferor for transfer of immovable property. In the present case, the allotment of additional area is free of cost. Hence there is no payment of consideration by the member to the developer. The presence of consideration is relevant for deducting TDS under the provisions of Sec 194-IA. Unlike Capital Gains getting accrued in the hands of the member, the consideration has to be actually present and cannot be deemed to be present. Therefore no TDS is required to be deducted by the member against allotment of the said additional area by the developer under the provisions of Sec 194-IA in the absence of consideration.

E. Is the new Area purchased by the existing society members from the developer at 20% lower than the prevailing Stamp Duty Reckoner value taxable u/s. 56(2)(X)

i. It is a usual tendency for the members to negotiate with the developer to grant additional area over and above their entitlement at a rate lower than the fair market rate being offered to the customers. In the present case too, it has been agreed upon between the developer and the existing society members to grant additional area at price at 20% lower than the prevailing market Stamp Duty reckoner value.

ii. As per sec 56(2)(x), receipt of an immovable property at a consideration lower than the stamp duty value, the difference between the stamp duty value and consideration is more than the limit prescribed under Sec 56(2)(x) will be taxable as income under the head Income from Other Sources. Going by the literal interpretation of the provisions of Sec 56(2)(x), the consideration at 20% lower than the stamp duty value if is more than the prescribed limit shall be taxed in the hands of the existing society members as Income from other sources.

iii. In order to tackle the above proposed additions under Sec 56(2)(x), one can argue that the consideration of the new flat though in monetary terms is at less than 20% of Stamp duty reckoner value, the consideration in addition to monetary factors also consist of non monetary factors being accepting the inconvenience at the time the property is being redeveloped, permitting the developer to redevelop the building, agreeing to cooperate with the developer in the course of redevelopment etc. Since there is no provision to value the non monetary factor under the provisions of Sec 56(2)(x), one can argue that provisions of Sec 56(2)(x) are not applicable and hence there should be no questions of additions under the head Income from Other Sources.

iv. The current transaction of the additional area purchased by the existing society members cannot be compared with or cannot be at par with the normal sale transaction entered into with the 3rd party customers. The transaction of the developer with the society member stands on a different footing. The transaction is a composite arrangement between the developer and the

society member and has various components of give and take. It cannot be equated with a usual sale transaction. Therefore literally applying the provisions of Sec 56(2)(x) on the said transaction will be incorrect as the said provisions do not consider those factors which are not monetary in nature.

TAX IMPLICATIONS IN THE HANDS OF THE DEVELOPER

A. Whether Percentage completion Method OR Completed Contract method to be adopted by the Developer for Revenue Recognition

1. In case of redevelopment, the plot of land is not transferred to the Developer. It remains with the society before and even after the development of the building. In redevelopment, the development rights are transferred by the society to the developer. Against the development rights, the developer constructs area pertaining to the existing flat owners and he is also entitled to construct additional area using the eligible fungible FSI. The developer is entitled to sell the additional area to customers wherein his income shall be the net earning he makes from such sale after deducting the cost of construction. The developer in case of redevelopment projects is akin to real estate developer even though land is not owned by him.

2. For a real estate developer the income tax does not prescribe any specific method to be adopted to compute taxable income. Further there is no ICDS for the Real Estate Developer. As the real estate activity is spread over several years, the method of recognition of income over the years of the activity become important. For real estate developers there are 2 methods of recognizing revenue

   a. Completed Contract method (CCM)

   Under this method of accounting, revenue is recognized after completion of the whole of the construction project. So when the construction goes on for several years, the year in which the completion certificate is issued is the year in which the income is computed. Tax authorities do not appreciate this method of accounting as it defers payment of tax liability.

   b. Percentage of Completion Method (PCOM)

   Under this method, revenue is recognized on a year to year basis as per the stage of completion of the project at the end of each year. Revenue is recognized even before the property comes into existence and possession is handed over. The tax authorities prefer this method as it results in tax collections on year to year basis.

3. There are no specific ICDS issued by the CBDT for real estate developers. In the absence of any specific provision under the income tax provisions, the method of accounting regularly followed by the developer has to be considered for the purpose of computing tax on income. As on today, AS-7 Accounting for construction contracts are not applicable to Real Estate Developer as in a pure construction contact, the contractor has no interest in either the land or the construction which is carried out. So the real estate developer has to fall back on revenue recognition principles as per AS - 9. There is also a Guidance Note issued by the ICAI being ***Guidance Note on Accounting for Real Estate Transactions (Revised 2012).*** The said guidance note prescribes POCM method of accounting only for Real Estate Projects undertaken on or after 1st April, 2012. Can a Real Estate Developer advance an argument that the Guidance Note issued by the ICAI is binding on its members being Chartered Accountants, but it is not binding on the Real Estate developers and they are not bound to mandatorily

follow and adopt the Guidance Note. Further following the principles of consistency, the CCM method of accounting has regularly been followed by the Real Estate Developer. In the light of Guidance Note, the tax authorities do not approve the CCM method of accounting as it defers the liability to pay tax.

4. There is no bar on the developer to adopt CCM to determine his business income. However, a question might arise that whether the department can dispute the said method and allege that income from business of the Developer cannot be properly deduced from the project completion method on account of the reason that adoption of CCM leads to deferment of tax till the year in which the project is completed. In this regard, it is to be noted that the hon'ble Supreme Court in the case of Hyundai Heavy Industries Company Limited 291 ITR 482 and Bilahari Investment Private Limited 299 ITR 1 (SC) and various other High Courts have accepted CCM as an acceptable method of accounting for determination of income under the Act. It has further held that it cannot be said that the CCM followed by the Assessee would result in deferment of the payment of the taxes which are to be assessed annually under the Act.

5. The Real estate developers therefore can adopt CCM for determination of their income from real estate business. However, as due to the adoption of the said method, the income tax department will be entitled for income tax only after completion of the project, the developers should also be ready for litigation on account of possibility of non-acceptance of CCM by the departmental authorities. Therefore, before taking the decision on adoption of CCM, one should compare the benefit associated with the CCM in form of saving in notional interest by not paying tax early with the possible litigation expenditure which may occur due to the adoption of project completion method.

B. Whether the Developer shall be required to deduct TDS on corpus, rent and hardship compensation payments made to existing society members

i. The existing society members have to hand over possession of their property to the developer for the purpose of redevelopment. To facilitate this, the developer is providing Transit rent & hardship compensation for them to relocate to a temporary alternative accommodation. The question that arises is whether TDS is required to be deducted by the developers for these payments made.

TDS on Rent u/s. 194I

ii. The payment made by the developer is in the nature of compensation for alternative accommodation on account of hardship due to dispossession faced by the existing society member. There is no tenancy agreement or landlord tenant relationship between the developer and the existing society member. The payment made is purely in the nature of compensation. As per Explanation 1 to section 194-I of the Act, 'rent' inter alia included payment for use of land or building. The developer had not made the payment for use of any land or building. Hence, the payment is not in the nature of 'rent', but in the nature of compensation. Further TDS is deducted on the income chargeable under the provisions of the Act. The rent compensation paid by the Developer to the existing society member is not the income of the member and accordingly no TDS ought to be deducted by the developer on these payment

iii. A few of the judicial pronouncements which have held that the no TDS is liable to be deducted on

rent compensation paid by the developer to the society members.

a. Sahana Dwellers Private Limited 67 taxmann.com 202 (Mum ITAT)

b. Jitendra Kumara Madan v. ITO [2012] 32 CCH 59 (Mum ITAT)

c. Sarfaraz Sharafali Furniturewalla WP 4958 of 2024 (BOM HC)

d. Shanish Construction Private Limited ITA 6087/6088/Mum/2014 (Mum ITAT)

TDS on Hardship Compensation and Rent u/s. 194C

iv. The payments made by the developer to the existing society members in the form of hardship compensation, and rent are towards the inconvenience faced by the members at time of displacement and the expenses to be incurred in the course of displacement. As per the provisions of Sec 194C, if the payment is made to a person for work to be carried out by the person in pursuance to an agreement or a contract, then TDS shall be deducted under the provisions of Sec 194C. In the present case there is no services are being given by the members to the developer and hence there is no question of deducting TDS u/s. 194C on the said payments.

TDS on Hardship Compensation, Rent, Corpus u/s. 194-IA

v. TDS under Sec 194-IA is deductible when the transferee makes payment of consideration to the resident transferor for transfer of immovable property. Immovable property has been defined in the provisions of Sec 194-IA to mean land or building or any part of the building. In the present case the existing society members are giving their property to enable the developers to demolish and construct a new building in which the members will get an entitled area equivalent to original area owned by them along with the additional area. The ownership in the flat is not getting transferred by the member to the developer. Further these payment being in the nature of compensation, no TDS is liable to be deducted u/s. 194-IA.

vi. Corpus amounts are paid by the developer to the existing society members towards payment for agreeing, cooperating and confirming the transfer of development rights by the society to the developer. The development rights are owned by the society and per se are not owned by the existing society members. Further 194-IA covers immovable property in the nature of land or building or part of the building but does not cover in its ambit the rights in immovable property. Therefore for the above stated reasons no TDS is liable to be deducted by the developer on the corpus amounts in the hands of the society members.

C. Is the new Area sold to the existing society members by the developer at lower than the Stamp Duty Reckoner value subject to tax u/s. 43CA

i. On account of limitations of applicability of Sec 50C to immovable property held as stock in trade, the provisions of sec 43CA were incorporated. As per Sec 43CA if the builder receives consideration for sale of immovable property at a value lower than the stamp duty value, then stamp duty value shall be deemed to be the full value of consideration. In the present case, the real estate builder intends to sale additional area to existing society members at a value lower than 20% of the Stamp duty reckoner value. Going by the literal interpretation of the provisions of Sec 43CA, the consideration at 20% lower than the stamp duty value if is more than the safe harbour limit prescribed in the provisions, then the same shall be taxed in the hands of the developer.

ii. In order to tackle the above proposed additions under Sec 43CA, one can take similar argue as that

considered above for the purpose of sec 56(2)(x) that the consideration of the new flat though in monetary terms is at less than 20% of Stamp duty reckoner value, the consideration in addition to monetary factors also consist of non monetary factors being acceptance of inconvenience by the existing society members at the time the property is being redeveloped, permission given by the existing society members to the developer to redevelop the building, agreement by the existing society members to cooperate with the developer in the course of redevelopment etc. Since there is no provision to value the non monetary factor under the provisions of Sec 43CA, one can argue that provisions of Sec 43CA are not applicable.

Redevelopments comprises of multiple parties, lots of complexities, taxation and legal issues. Understanding and the terms of each and every redevelopment case is going to be different and unique from the other. The redevelopment agreement in which the terms will be recorded between the parties is going to play a very crucial role. It will be the base document which will form the very basis on which legal and taxation matters will arise. Hence due consideration has to be given to the drafting of the said agreement. Further the tax issue arising in case of redevelopment are ever evolving and hence there can never be a thumb rule that will apply in all cases. Hence it is advisable that the facts and as well the legal position to be revisited every time a transaction involved redevelopment of the property.

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CASE STUDY - 1
INDIRECT TAX PERSPECTIVE

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To understand the tax implications of the society redevelopment case highlighted above, we will now examine the impact on each of the parties involved:

(*Note: The levy of dual GST in India is implemented through a series of inter-connected legislations i.e., Central Goods and Service Tax Act, 2017 – "CGST Act", Respective State Goods and Service Tax Acts and Integrated Goods and Service Tax Act, 2017. Since the provisions are similarly applicable across the legislations, reference to the provisions of the CGST Act should include reference to respective state GST Acts as well, unless specifically mentioned. There is a basic assumption that the above project is registered under the RERA provisions as well.)*

2. The existing/ old individual society members

- Receipts of money for discussion of potential GST impacts:
  - Corpus – Rs. 20 lacs
  - Hardship Compensation – Rs. 10 lacs
  - Rent Compensation – Rs.80,000/- p.m. for next 48 months
- The terms and conditions of any redevelopment project shall be enshrined in a registered "Development Agreement" executed between the existing/ old individual society members and the developer.
- In the present case, the answer to understanding the GST impact of the above receipts of monies lies in the fundamentals of GST.
- Section 9 of the CGST Act provides for a levy of tax on all intra-state supplies of goods or services or both. Hence, levy of GST rests on two aspects:
  i. there must be a "supply"
  ii. the supply must be of "goods" or "services" or both.
- The scope of supply is explained in Section 7 of the CGST Act and the relevant extract is reproduced hereunder:

  "7. Scope of supply

  (1) For the purposes of this Act, the expression "supply" includes-

  (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person ***in the course or furtherance of business***"

  ……
- The aspect of goods or services is discussed subsequent paras. Here, while discussing the scope of supply, it is of utmost importance that the receipt of money should be '*in the course of furtherance of business*'

- The term "business" has been defined u/s 2(17) of the CGST Act and the relevant portion is reproduced below:

  "2. (17) "business" includes -

  (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;

  (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);

  (c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;"
  ....

- The definition of 'business' uses the word 'includes' while defining what business would mean under GST. It is well known that when a definition clause uses the word 'includes', it is generally used to enlarge the meaning of the words and phrases occurring in the body. Even in general parlance, when it comes to old/ existing society members, no one in their rightful mind would consider the activity of entering into a redevelopment transaction as a 'business' activity.

- Further, can it be said that the existing/ old society members are in the 'trade' or 'commerce' or 'manufacture' or 'profession' or 'vocation' or 'adventure' or wager' of giving their home for redevelopment to receive such a sum of money? The answer is a clear "NO" because none of the above terms lend any meaning to the transaction at hand from the perspective of the old/ existing society members. Entering into agreements for the redevelopment of homes is neither an ancillary nor incidental activity of any 'trade' or 'commerce' or 'manufacture' or 'profession' or 'vocation' or 'adventure' or wager' for the existing/ old society members.

- Sub-clause (c) of Section 2(17) of the CGST Act also would not be triggered here because the ambit of sub-clause (c) tries to exclude volume, frequency, continuity or regularity provided that the activity/ transaction falls under sub-clause (a) in the first place. For Example, a trader of good, who occasionally functions as broker to facilitate a sale of flat, is able to execute only a deal or two in a year and sometimes none for a year. The activity of functioning a broker is first covered vide 'commerce' and then, sub-clause (c) strengthens the business element by eliminating the volume/ frequency aspect in closing deals for the sale of flats. In the present, as explained above, the execution of an agreement for redevelopment of home is not a business transaction from the perspective of the old existing society member.

- Hence, the scope of "supply" which requires existence of 'business' element in a transaction is not present here, when viewed from the perspective of the old/ existing society members.

- Secondly, now for a moment let's assume that the condition regarding 'business' element is not applicable in the present case, then, is it a case of supply of 'goods' or 'service' by the old/ existing society members that has resulted in the receipt of sums of money highlighted above?

- The term 'goods' is defined under section 2(52) of the CGST Act to mean every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply. Since in the instant case, the subject matter of the transaction is an immoveable property, it is evident that there is no supply of goods.

- The term 'service' is defined under section 2(102) of the CGST Act to mean anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

- On going through the above definition of service, it is evident that the term service has been loosely defined under GST. A literal reading of the definition indicates that anything which is not classifiable as 'goods' would be a 'service'. However, the context here requires that a purposive interpretation is adopted rather than literal interpretation of the definition. The purposive interpretation would suggest that the transaction should bear an essential character of 'service.'

- What is the essence of 'service'? Reference can be drawn to the erstwhile Service Tax law (and the CBIC has also done the same while issuing clarifications vide Circular No. 178/10/2022-GST dated 03.08.2022), wherein 'Service' was defined as any activity carried out by a person for another for consideration. The concept 'activity for a consideration' involves an element of contractual relationship wherein the person doing an activity does so at the desire of the person for whom the activity is done in exchange for a consideration. An activity done without such a relationship i.e., without the express or implied contractual reciprocity of a consideration would not be an 'activity for consideration'. The element of contractual relationship, where one supplies goods or services at the desire or another, is an essential element of 'service.'

- Here, the old/ existing society members do not undergo hardship/ relocation 'at the desire of' the developer; the old existing society members do not receive the compensations (include the rent) for doing any activity at the behest of the developer. Hence, the essential character of 'service' is missing when the sum of money is received by the old existing society members. Hence, even the second limb is not satisfied in the present case when the transaction is analyzed from the perspective of the old/ existing society members. Hence, the levy of GST fails.

- As a result, the receipt of corpus, hardship compensation and rent will not attract the levy of GST in the hands of the old existing society members.

II. <u>The society</u>

- No GST impact for any of the above transactions in the hands of the "Society" - ABC Co-operative Housing Society Ltd.

III. <u>The developer – "Best Developer Limited"</u>

- The way GST provisions have evolved in the last few years in this real estate sector and especially for redevelopment activities, it feels like that one project where the all problems from erstwhile laws were not thought through and only after the rollout of GST, it was decided to tackle them as and when they arose. Sometimes, it feels very similar to the story of the Mumbai roads and the potholes. It is only when the rains lash the city, the responsible party awakens to do damage control rather than ensuring smooth/ good quality roads are built in the first place.

- For the sake of brevity, the analysis of business is not done again because it is accepted and understood that the developer is in the business of developing and redeveloping real estate projects. There is an activity of redevelopment undertaken by the developer and so, let's dive in detail analyzing the activity performed, who are/ aren't the recipients of this supply and what are provisions of the law that get triggered in the course of this activity.

A. Transactions with new independent buyers (i.e., sale of available area of 33,800 sq. ft at an approximate rate of 45,000/- per sq. ft)

- As explained earlier, the subject of tax under GST is "supply". The scope and meaning of the term supply have been dealt with under section 7(1) of the CGST Act. Supply is wide enough to cover all types of sale, transfer, barter, exchange, license, rental, lease, disposal of goods or services for a consideration in the course or furtherance of business.

- The activity of construction/ redevelopment is indeed in the course of conducting the business of the developer and when analyzing the transactions with new independent buyers, there will be certain agreed considerations that shall flow from the new/ independent buyers to the developer. Hence, there is no iota of doubt that such a transaction will qualify as a "supply" for the purpose of this case.

- Once a transaction qualifies as "supply" under Section 7(1) of the CGST Act, then, Schedule II provides whether the said transactions will be deemed to be supply of goods or supply of service (in accordance with Section 7(1A) of the CGST Act). The relevant extract of the provisions of the law is reproduced hereunder:

  "7. Scope of supply

  (1) …..

  (1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II."

  …..

  " Schedule II - Activities or transactions to be treated as supply of goods or supply of services

  ….

  5. Supply of services

  The following shall be treated as supply of services, namely:

  (a)….

  (b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier."

- To fall under the scope of Para 5(b) of Schedule II above, a portion of the consideration (may be part or may be full), should be received from the new independent buyer(s) before the issuance of the completion certificate. In such a case, the said supply by the developer shall be treated as supply of service.

- What happens when the entire consideration from a particular new buyer is received after issuance of completion certificate from the relevant authority? (the case highlights that close to 30% of total area available for sale to new/ independent buyer would remain unsold as on date of completion certificate i.e., for this 30% of the area, entire sale consideration shall be received after the receipt of the completion certificate)

- Section 7(2) of the CGST Act read with Schedule III of the CGST Act would be triggered in such a case. Section 7(2) of the CGST Act provides an over-riding effect over Section 7(1) of the CGST Act and treats certain transactions as neither supply of goods nor supply of services i.e., such a transaction would not attract the levy of GST because the underlying transaction is deemed to be neither a supply of goods nor services by the law itself. The relevant extract of the provisions of the law in this regard is reproduced hereunder:

  7. Scope of supply

  (1) …..

  (1A) …

  (2) Notwithstanding anything contained in sub-section (1):

  (a) activities or transactions specified in Schedule III; or

  (b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council

  Shall be treated neither as a supply of goods nor a supply of services"

  …..

  "Schedule III - Activities or transactions which shall be treated neither as a supply of goods nor a supply of services

  1, 2, 3, 4…….

  5. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building"

- The 23a (5) of Schedule III with respect to sale of building is subject to Para 5(b) of Schedule II meaning that the outcome of Para 5(b) of Schedule II will have a bearing on Para (5) of Schedule III. Only if the sale of a building does not get classified as a 'Supply' under Para 5(b) of Schedule II, only then will it be covered by Para (5) of Schedule III as neither a supply of goods nor services. Hence, only when the entire consideration is received from the new/ independent buyer after issuance of completion certificate from the relevant authority, the said transaction will be treated as neither a supply of goods nor services and will not attract GST.

- The below table summarizes the above analysis:

Consideration	Receipt by Developer	GST Taxability
Part consideration (i.e., part consideration is after completion certificate)	Before completion certificate	Yes
Whole consideration	Before completion certificate	Yes
Whole consideration	After completion certificate	No

- Once we are through with the taxability, we now analyze the applicable GST rate for the taxable transactions. As highlighted in the facts of the case, the developer has opted for new scheme applicable after for all projects commencing after 01.04.2019.

- Accordingly, Entry 3(ia) of Notification 11/2017-CT(Rate) dated 28.06.2017 (updated from time to time), the said supply of construction services of a residential flat is liable to CGST at 3.75% (and corresponding SGST at 3.75%) in the present case, subject to deduction of one-third value towards transfer of land. Hence, the effective GST rate applicable comes to 5% [(3.75 + 3.75) – 1/3 of (3.75 + 3.75)]

- The above concessional rate of 5% of GST comes with certain conditions provided by the said rate notification entry and the same have been dealt with in the next section.

B. Things to keep in mind w.r.t. inward supply/ procurements

- The first and foremost condition associated with this concessional rate of 5% is that the developer shall not be eligible for claim of any input tax credit for this project. The entire tax liability must be paid in cash i.e., by debiting the electronic cash ledger on the GST portal. The tax paid under RCM in accordance with Section 9(3) of the CGST Act, shall also not be eligible for claim of credit to the developer.

- Secondly, the value inputs and input services procured by the developer (other than grant of development rights/ long term lease of land/ FSI, including additional FSI/ electricity, Diesel/ Natural Gas/ Motor Spirits) should be from registered suppliers to the extent of at least 80% of the total procurements. This condition is commonly referred/ understood as the '80:20 Rule' in this industry. In case, there is a shortfall i.e., such procurements from registered suppliers are below the threshold limit of 80%, then, tax under reverse charge mechanism is payable by the Developer to extent of such shortfall at 18%. In case, cement is procured from unregistered vendor, then tax under RCM is payable on such cement procurement at the rate applicable to cement i.e., 28%.

- The applicability of the above '80:20 Rule' has to be analyzed every year and the impact of the same has to be reported in Form GSTR 3B for June following the end of the financial year or before.

- The above provisions can be summarized in a tabular working as under:

Particulars	Reference	Amount
Total inward procurement for the financial year	(A)	xxxx
Less: procurements specifically excluded (grant of development rights/ long term lease of land/ FSI, including additional FSI/ electricity, Diesel/ Natural Gas/ Motor Spirits)	(B)	(xxxx)
Less: procurements not amounting to supply (E.g. Compensation/ hardship paid to old members – as discussed above)	(C)	(xxxx)
Total Procurements for 80:20 Rule	(D) [A-B-C]	XXXX
Less: Exempt supplies (as per actual notification)	(E)	(xxxx)
Balance taxable procurements	(F) [D-E]	XXXX
20% of the amount determined under (D) above	(F)	xxxx
Supplies from URD less Supplies on which tax is already discharged under RCM (E.g. Lawyers/ GTA, etc)	(G)	xxxx
If (F – G) is positive, then threshold of 20% is not breached. If (F – G) is negative, i.e., supplies from URD is higher than 20%, then it is a shortfall	(H)	XXXX
CGST @ 9% and SGST @ 9% i.e. 18% on (H) is payable under RCM on or before GSTR 3B of June after then end of the financial year.		XXXX

- This above exercise needs to be done each year until the end of the project (i.e., receipt of completion certificate). Needless to say, the above payment of tax under RCM would not be eligible for claim of input tax credit to the developer.

C. Transactions with old/ existing society members

- There are two types of transactions with the old/ existing society members in the present case – (i) providing the original area plus 35% additional area (totaling to i.e., 16,200 sq. ft.) free of cost and (ii) some old/ existing members would additionally purchase more area from the developer at a discounted rate.

I. Transaction of allotment of 16,200 sq. ft to old existing society members

- The redevelopment agreement generally provides that the existing members grant development rights in respect of the area owned by the existing society to the developer and in exchange for the same, the developer shall provide them with existing area and some additional free area as permanent alternate accommodation (i.e., 16,200 sq. ft in this case) as free of cost.

- The intention of the developer in such cases is to really provide a free of cost new accommodation (i.e., new flat) to the old/ existing society members. There is really no revenue earned from the existing members but only from the new members. In other words, the area allotted to the existing members represents a cost for the developer which forms a part of the calculations to determine the sale price for the new buyers.

- It is important to highlight here that Notification No. 6/2019 – CT (Rate) dated 29.03.2019 prescribes that the developer (i.e., 'promoter developer' in terms of the notification) will discharge GST on the construction service provided by him against the consideration in the form of development rights at the time when the completion certificate is received. Further, Para 2A of Notification No. 11/2017 – CT (Rate) dated 28.06.2017, as updated, specifies that the value of such construction service to old existing society members in respect of the new flats shall be deemed to be equal to the total amount charged for similar flats in the same project from the independent buyers nearest to the date on which such development right is transferred to the promoter (i.e., first sale to a new independent buyer must be considered).

- Considering the ad hoc deduction provided towards the land value, effectively GST @ 5% becomes payable on the date of the receipt of the completion certificate (or Occupation Certificate – OC, in some cases) in case of residential apartments given free of cost to the old existing members under forward charge basis.

- Contrary to the above view prescribed in the notifications issued by the CBIC, the GST Law imposes a tax on the transaction value and no tax is payable on free supplies except in specific instances listed in Schedule I. Since the developer and the old existing society members are not related persons, the provisions of Schedule I are not attracted and therefore GST cannot be demanded on such free supplies.

- As highlighted above, the cost of construction of free flats for the old existing society members is always factored in the flats sold to the new independent buyers and hence, tax is already paid on the said value of construction services. Any interpretation to impose a tax on the area allotted free of cost to the existing members would result in double taxation, which should ideally be avoided in an indirect taxation.

- The above aspect was considered under the erstwhile Service Tax regime by the Hyderabad Tribunal in the case of Vasantha Green Projects vs. Commissioner of GST [2019 (20) GSTL 568 (Hyderabad Tribunal)] wherein a view was taken that no service tax is payable on the area allotted free of cost to existing members in a redevelopment project. The said decision is pending before the Supreme Court. The said decision does represent a correct judicial interpretation and the said principles would equally apply under the GST Law as well.

- Further, Section 2(31) of the CGST Act envisages a scenario whereby the consideration for the supply is paid by a person other than the recipient of service. It is therefore possible to argue that even if there are services rendered to existing owners, the consideration for the said services is received from the new independent buyers. This interpretation would also be in consonance with the agreement which would expressly permit the developer to enter into sale agreements with third parties and appropriate the sale proceeds in this regard.

- Hence, it might be difficult for the Department to demonstrate that some consideration actually flowed from the old existing society members to the developer. At the same time, the above position will be litigative and will not be free from doubt. The developer may choose to adopt a conservative stand and not challenge the vires of the notifications issued in this regard. In such a case, the tax liability would be determined as under:**ParticularsValue**Agreed consideration for the 1st flat sold to a new independent buyer (A)xxxxxPer sq. ft rate of the above flat [B = (A) / area of the flat]xxxx per sq. ftValue as per Para 2A of Notification 11/2017 – CT (Rate) dated 28.06.2017 [C = 16,200 sq. ft * Rate determined as (B) above * 2/3]xxxxxxGST payable on the above [Amount determined at (C) above * 7.5% (Value already excludes 1/3rd component towards land)]xxxx

ii. Transaction of sale of additional area to old existing society members apart from the allotted area

- The GST law treats this transaction on par with supply of flats to new/ independent buyers.
- Hence, whatever additional area is purchased by the old existing society members over and above the allotted area of 16,200 sq. ft in the development agreement, such transaction shall be liable to the effective rate of GST @ 5% (explained above)
- The transaction rate (i.e., the discounted value = stamp duty ready reckoner rate per sq. ft – 20%) will be considered as taxable value for the purposes of GST and accordingly tax will be discharged on the same by the developer in due course.

D. Taxability of Transferable Development Rights (TDR)/ Floor Space Index (FSI)

- Section 9 of the CGST Act provides for a levy of CGST on all intra state supplies of goods or services or both. In general, the tax is required to be paid by the taxable person being the supplier of the goods or services or both. However, Sections 9(3) and 9(4) of the CGST Act empower the Government to notify cases where the tax will be paid by the recipient on 'reverse charge' basis i.e., RCM.
- Strictly going by the notifications issued, the following liability accrues in the hands of the developer under RCM:

  a. Notification No. 4/2019 - CT(Rate) dated 29.03.2019 amended the exemption Notification No. 12/2017 - CT(Rate) dated 28.06.2017 to introduce an Entry 41A in the list of exempted services whereby services by way of transfer of development rights (i.e., TDR) or Floor Space Index (i.e., FSI) (including additional FSI) on or after 1st April, 2019 are exempted conditionally. Effectively the condition stipulates that the developer shall pay tax under RCM on such value of TDR/ FSI proportionate to the unsold units at the time of receipt of completion certificate.

  b. Notification 5/2019 – CT (Rate) dated 29.03.2019 prescribes the reverse charge mechanism in this regard.

  c. It is further provided that the tax payable under RCM on TDR/ FSI shall NOT effectively exceed 1% of the value in case of affordable residential apartments and 5% of the value in case of residential apartments other than affordable residential apartments remaining unsold on the date of issuance of completion certificate or first occupation

- If the above notifications are accepted as is by the developer, then, at the time of receipt of the completion certificate, there will an RCM liability @ 18% to the extent of 30% of the unsold flats on the taxable value of TDR and any TDR/FSI procured from open market, subject to a maximum amount of 5% of the value of unsold flats (calculated based on last sale value before completion certificate).

- Here, the intention of the Department is clearly evident viz., to require payment of GST on the unsold apartments on the date of the completion certificate.

- Recently, with slightly different set of facts (i.e., in the case of Joint Development Agreement), the Telangana High Court upheld the levy of GST on TDR in the case of Prahitha Construction Pvt Ltd vs. Union of India [2024-TIOL-623-HC-TELANGANA-GST].

- However, there is another school of thought as well. Firstly, it is important to highlight that the provisions of Section 9(3) & 9(4) of the CGST Act will be triggered only in a scenario where there is a levy created by Section 9(1) of the CGST Act in the first place. If any transaction is not covered by Section 9(1) of the CGST Act, then provisions of Section 9(3) & 9(4) would not apply to the same.

- In the previous discussion, we have already established that the old existing society members are not in the "business" of granting development rights for redevelopment. Hence, there is no supply by the old existing society members and therefore, the levy provided under Section 9(1) of the CGST Act fails. Now, if the levy under Section 9(1) of the CGST Act fails, can there be a liability under RCM fastened on the recipient?

- It is a settled legal proposition that the existence of an exemption/ reverse charge notification cannot by itself infer or presume the existence of a levy. In a particular case [Gypsy Pegasus Limited vs. State of Gujarat - 2018 (15) GSTL 305 (SC)], the conduct of musical programs was excluded from the provisions of levy of Entertainment Tax Act. A notification issued under the said Act also granted an exemption, however, subject to certain conditions. When the authorities attempted to demand the entertainment tax citing non-compliance with the conditions mentioned in the notification, the Supreme Court held that if the transaction is excluded from the levy itself, the exemption becomes redundant and the conditions mentioned in the said exemption notification have no relevance.

- Hence, there is a good argument to be made that since levy under Section 9(1) of the CGST Act fails, there should not be any tax payable under RCM in the hands of the recipient as well.

- Now let's assume for a moment that the condition regarding "business" is kept aside, can granting of TDR/ FSI be considered as a supply of 'goods' or 'service' to be covered within the scope of "supply"?

- In general understanding, TDR/ FSI is a right to develop the land. Essentially, land like any other asset is an immoveable property and a bundle of several rights that accrues to it. Several rights one may identify with land are development rights, possession right, cultivation right, etc.

- We have already understood what is 'goods' and 'services' under GST in the discussion above. Without re-iterating the same and relying on the Supreme Court decision in the case of Tata Consultancy Services Limited vs. State of Andhra Pradesh [2004 (178) ELT (022) SC], any property, whether tangible or intangible is classifiable as 'goods' if it has the following attributes, namely

- The Item should have utility
- The item should be capable of being bought and sold
- The item should be capable of being transmitted, transferred, delivered, stored and possessed

- The concept of 'transferability' provides the attribute of a thing becoming property, which can be further classified into moveable properties, immoveable properties, tangible properties or intangible properties. Some of these may constitute goods while some may not. When the concept of service is examined, it has to be examined vis-à-vis this aspect of transferability. If there is a possibility of 'transferability', it would NOT amount to be service.

- In the instant case, since the transaction is one that relates to a transfer of development rights in an immovable property, the same cannot amount to supply of 'service'. Therefore, the transaction does not qualify to be either a supply of 'goods' or a supply of 'service' and therefore the levy under section 9(1) of the CGST Act is not attracted.
- Further, Para 5 of Schedule III (discussed above - Activities or transactions which shall be treated neither as a supply of goods nor a supply of services) specifies that sale of land and sale of building as transactions which shall be treated as neither supply of goods nor supply of services. Another view could be taken that the purposive interpretation would suggest that the exclusion provided vide Para 5 of Schedule III should be applicable in the instant case and hence, transaction of TDR/ FSI would outside the purview of GST itself.
- More support can be can be drawn from Para 1(b) of Schedule II which classifies any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services. This entry however, falls short of specifically classifying transfer of right in immoveable property without the transfer of title within the scope of services.
- The above discussions must be taken with a pinch of salt that the Department will never agree to the above alternate tax positions. The same will have to be litigated as and when Department raises this query and the victory might not be achieved before the Tribunal stage.
- Coming back to our case, having accepted a position that due to the specific notifications issued in this regard, the grant of TDR/ FSI through the development agreement constitutes a taxable transaction, it is important to arrive at an appropriate value to discharge GST on the same.
- Rule 27 of the CGST Rules specifies that where the supply of goods or services is for a consideration not wholly in money, the value of the supply shall be the open market value of such supply. The execution of the development agreement attracts stamp duty. For the said purpose, the development right is valued by the respective authorities. The value adopted for stamp duty calculation can be adopted under GST as well. For any TDR/ FSI procured from open market, the value paid in cash should be adopted for determining the taxable value.
- There is no specific rate entry under the rate notification and hence, it would attract 18% as applicable for residuary entry for real estate services under HSN 9972. Not to forget, the total liability will not exceed 5% of the value of unsold flats, where the value shall be calculated based on the last sale value before the completion certificate.
- Here's hoping that old existing society members, society and the developer are now in a position to take well informed decisions regarding their possible tax liabilities.

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CASE STUDY - 2
ON SOCIETY SELF-REDEVELOPMENT

FACTS OF THE CASE

ABC Co-operative Housing Society Ltd ("Society") is a 50 years old building constructed on a freehold land situated at Dadar, Mumbai consisting of 20 members. Due to the dilapidated condition of the building, Society intends to go for self – redevelopment. Society has carried out a feasibility report for the new building and the broad parameters are as under:

1. Total Carpet area of new building – 45000 sq. ft.
2. The aggregate existing carpet area of flats owned by Old Members is 10,000 sq. ft. They shall be entitled to 50% additional area over and above their existing carpet area. Aggregate new carpet area of flats for old members – 15,000 sq. ft.
3. Corpus of Rs. 20 lacs each to old members.
4. Area for sale to new members / purchasers – 30,000 sq. ft. Estimated sale consideration Rs. 120 crores.
5. Estimated Cost of the project (does not include land cost as it is already owned by Society) – 100 crores.

CASE STUDY - 2
DIRECT TAX PERSPECTIVE

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1. Whether profit / gain of Rs. 20 crores made by the Society on redevelopment shall be covered by the concept of Mutuality? (Considering Rs. 20 crores is an indicative figure, actual profit/gains is to be computes as per ensuing questions)

- At the outset, it would be useful to understand and discuss the principle of mutuality in the context of income tax law. The principle of mutuality is rooted on idea that a person cannot make a profit from himself. This also implies that a person cannot earn profit from an association that he shares a common identity with. The essence of this principle lies in the commonality of the contributors and the participants who are also beneficiaries. There has to be a complete identity between the contributors and the participants. Therefore, it follows, that any surplus in the common fund shall not constitute income but will only be an increase in the common fund meant to meet sudden eventualities.

- Applying the above ratio in case of the housing society which are primarily formed to manage, maintain, and administer the common areas and facilities of residential complexes or buildings. The contributors and the participants of the housing society are the member of the building. These members make a periodic contribution to enable the society to carry on the day-to-day expenses to maintain the building premises and facilities thereof, to carry on repair works required for the building, etc. Thus, the surplus so generated by the society is not taxable under the Principle of Mutuality. In the given case, the society is earning a profit of Rs. 20 crores from redeveloping the building and selling the residual additional area constructed (i.e. after allocation to existing members). Therefore, the issue is whether the profit so earned of Rs 20 crores can be said to be covered by the concept of mutuality and thereby not liable to income tax?

- The supreme court in case Bangalore Club vs. CIT (2013) 350 ITR 509 (SC), laid down the following triple test for applying the principle of mutuality:

  a. Complete identity between the contributors and participators- the contributors and participators in the surplus must be an identical body;

  b. Action of the participators and contributors must be in furtherance of the mandate of the association – the activities undertaken benefits the association, and in turn its members; and

  c. There must be no scope for profiteering by the contributors from a fund made by them which could only be expended or returned to themselves.

- Applying the aforesaid triple test in the facts of the present case, wherein the profit is earned by society on sale of residual additional area constructed to new purchasers:

  a. On the first condition, this arrangement will lack common identity of contributors and participants as amount towards the sale of flat will be contributed by new purchasers, who are non-participants.

b. The second condition demands the use of fund for the benefit of the society and in turn its members, the funds infused by the purchaser will be used to build the additional area for purchaser's residence, thereby giving no direct benefit to the society or its members.

c. Consequently, the third condition also fails, as the contributors (i.e. new purchasers) do not derive any profits from contributions made by themselves to a fund which could only be expended or returned to themselves as they are non-participants.

- The moot issue which needs to be answered here, would be at what point does the relationship of mutuality end? - If there is an entry of a third party or non-member who contributes to the fund of the society, then relationship of the parties is not on the basis of a privity of mutuality. The essential condition of mutuality, i.e., identity between the contributors and participators would end. When the flat is sold to new purchaser, the relationship would then be like any other commercial relationship such as that between a customer and a developer where the property is sold with an intent to earn profit.

- The aforementioned judgement of Bangalore Club (supra) is also upheld by SC in recent case of Secundrabad Club Etc. vs C.I.T-V (2023) 457 ITR 263 (SC). Thus, the profit/gain of Rs 20 crore earned by society, may not be covered under the Principle of Mutuality and consequently, liable to tax under the Income tax Law.

- Further, the entire cost of construction of Rs 100 crores may not be available for deduction and only the proportionate cost corresponding to area sold may be available for deduction.

2. If profit/gain earned by society is not covered by principle of mutuality, then, whether it will be taxable in the hands of Society as Business Income/Capital Gains?

- The issue of income arising on the sale of asset (whether taxable as capital gains or business income) is a fact sensitive exercise and has been a subject matter of litigation with the tax authorities.

- The assets held in nature of capital assets are taxed under the head 'Capital Gains' and the assets held in nature of stock-in-trade are taxed under the head 'business income'. The classification of stock-in-trade (circulating asset) or capital asset in the nature of investment (perpetual or long term asset) is a matter on which there can be two views once the facts become complex.

- As a general rule, it can be said that if the conduct of the assessee shows that the asset was acquired with the objective of turning it over through the medium of economic sale or disposal, as a profit making plan, the asset should be considered to be stock-in-trade.

- On the other hand, cleaner the nature of property and more pronounced the desire to hold on to the property as a source of income for a long period, instead of intending to resell it, tilts in favour of the asset being a capital asset. But it is possible that an asset intended as a capital asset may be sold off while and asset intended to be sold off may not have a been sold.

- The factors which may be evaluated to identify whether the land and building is held by society as 'stock-in trade' or 'investment' are as follows:

a. Whether the byelaws of the society permit/restrict the society to carry on any business? Further evaluation may also be required from State Co-operative Societies Law.

b. Whether the land was acquired by society or was it conveyed by the builder or members. What was the purpose behind it – to hold as asset for long period or to hold as stock-in-trade and commercialize it?

c. Whether society also purchases and sells properties other properties? If yes, what is the frequency?

d. How is the said asset classified in books of accounts, whether the same is treated as investment or current asset?

e. What was the duration of holding the asset? If an asset in nature of stock in trade is held for a longer period, then what was the reason for it (illustratively on-going litigation)?

f. What was the posture adopted before any other regulatory authorities?

g. Whether there was any conversion in preceding years from stock-in-trade to investment or vice-versa?

- It is noted that the building was constructed 50 years ago, however, a single principle cannot be decisive and the total effect of all the principles as enumerated above should be considered to determine whether, in a given case, the property (being land and building) is held by the society as investment or stock-in-trade.

3. Taxability in the hands of Society Members on exchange/transfer of old flat for new flat?

- In the facts of the given case, the society is undertaking self-redeveloping of the building and thus will appoint a contractor for a consideration. Further, there is no transfer of land to the contractor. Thus, it is possible to take a view that a member does not effect any transfer of any of his capital assets. He continues to hold on to his pre-existing right. He merely vacated the premises so as to enable the contractor to fulfil his obligations. He neither sells the old flat nor he purchases the new flat.

4. Tax implication u/s 56(2)(x) in the hands of Society Members on receiving additional area

- In a housing society, the member is provided with occupancy rights to a particular flat. Whether the occupancy rights also include the proportionate ownership of land and building will require a fact specific exercise or a legal counsel opinion basis the specific laws of the state, the type of housing society, and the terms outlined in the society's byelaws or the sale agreement.

- The following are the two common scenarios:

a. **Occupancy Rights Only:** In some cases, a flat owner in a housing society may have only occupancy rights. This means they have the right to live in their specific unit, but they do not own any specific part of the land or the common areas of the building. The society or a separate entity retains ownership of the land and common areas, and the flat owner is essentially a member with certain privileges and responsibilities as defined by the society's rules.

b. **Proportionate Ownership of Land and Building:** In other cases, a flat owner may have a proportionate share in the ownership of the land and the building. In this scenario, the flat owner not only owns their individual unit but also has an undivided interest in the common areas, such

as the land, lobbies, staircases, roof, etc. The extent of this ownership is usually proportional to the size of their flat relative to the total size of all flats in the society.

- On principles, if the member is also considered to be a proportionate owner of the land and building. then he is also entitled to proportionate additional FSI potential in his individual capacity. Thus, it is possible to state the member continues to hold on to his pre-existing right and there is no additional area received apart from what he was entitled.
- In case the member has only occupancy rights and society is the owner of land and building then the society will be entitled to additional FSI potential. In hands of members, so far as FSI rights appurtenant to old flat are concerned, those are paid for when the member had originally acquired flat from erstwhile developer or from outgoing member. Additional FSI right which has been allotted by Society before execution of self-development project is a transaction between society and members and arguably covered by principle of mutuality.

5. Considering that the gains are chargeable in the hands of society as capital gains, whether Society will be eligible to claim fair market value as on 01.04.2001 as the cost of the land and accordingly, claim proportionate deduction for the flats sold to new members/purchasers?

- In the present question, it is assumed that proportionate land is also sold to new purchasers along with the flat and it is not a case where the land is retained by the society and only occupancy rights are provided to new purchasers.
- However, first it is imperative to understand who holds the entitlement to land and thereby entitled to additional FSI potential which is proposed to be constructed and sold to new purchasers. As discussed in above question, either the members will be owner of land in proportion of the size of their flat or the society will be owner of the land.
- In case, the existing members are only entitled to occupancy rights and are not entitled to ownership in land, then the land being sold by the society, will be chargeable to tax in the hands of society.
- As the building is more than 50 years old, it is assumed the land may be acquired much earlier and thus, if the said land is sold as a capital asset then the fair market value as on 01.04.2001 can be taken as cost of acquisition by the society in accordance with section 55 of the Income tax Act.
- On the other hand, incase the members are entitled to proportionate ownership of land, then similar implication will arise in the case of members. This may require one on one nexus of the area sold to new purchaser resulting in a complex calculation or other avenues may be explored to tax the existing members as an unregistered AOP.
- The additional FSI potential is received by virtue of ownership of the land. Thus, it is possible that, while computing the cost of improvement of such additional FSI potential, there may be no cost directly attributable to it. However, considering the amendment of Finance Act 2023, the said right may be considered to be "any other right" u/s 55(1)(b)(1) and its cost shall be considered to be nil.

6. Considering that the profit/gains are chargeable in the hands of society, what will be tax implications u/s 43CA/50C in the hands of society on providing additional area to members and area sold to purchasers.

- The section 43CA and 50C are applicable where land, or building or both are transferred at a value less than the value adopted/assessable by the stamp duty valuation authority, then such adopted/assessable stamp duty value will be deemed to be full value of consideration for the purpose of computing the business profits or capital gains respectively.
- As indicated in Q4 above, the additional area provided to members by the society, may be covered under the principle of mutuality and thus, rendering the question of tax implications u/s 43CA and 50C academic.
- However, in case of sale of additional area to the new purchasers, it will be important to evaluate whether new purchasers are entitled only to occupancy rights or whether they will also be entitled to proportionate ownership in land and building.
- Incase, where the new purchasers are entitled to ownership in land and building, there is a transfer of both and thereby, triggering the provisions of section 43CA/50C.
- In case where mere occupancy rights are transferred to the new purchasers, then the issue arises whether the transfer of 'occupancy rights' fall within the ambit of 'land or building or both' in order to trigger the implications u/s 43CA/50C?
- It is possible to argue that 'occupancy right' do not fall within the description of land or building or both. Society being a separate legal entity, is the sole owner of the land and building and purchaser merely possesses a right of occupancy on allotment of shares of society. On becoming a member, he will have to follow and obey the rules and regulations set out by the byelaws of the society and doesn't have freedom which are typically possessed by an owner.
- On the other hand, it possible to suggest that the society is only a mutual concern, but formed for the benefit of the members. Some of the State Co-operative Society law recognizes that the member holds interest in property and capital of the society. Also, the same states levies stamp duty on the value of underlying flat. Further, the rights provided to members are not only occupancy rights but right to use and enjoy the common area, thereby suggesting substantial rights are transferred to the members.
- Considering the arguments under both the views above, it appears that the better view of the matter is that the provisions of section 43CA/50C are applicable in case the additional area is transferred to the new purchaser. However, it is pertinent to evaluate the State Co-operative Society Law and State Stamp duty Law respectively before concluding.

7. Taxability in the hands of Society Members on the corpus of Rs. 20 lacs received by each of them?

- The taxability of corpus may depend upon the intention with which it is paid. There are judicial precedents which taxes the mere corpus payment and there are judicial precedents which have held the corpus paid towards hardship suffered by the member as a capital receipt, not chargeable to tax.
- However, those judicial precedents may not be directly applicable here as the facts of the case are different. The corpus in those judgements is paid by a developer, however in the facts of present case the said corpus is paid by the society itself.

- It is further imperative to understand what is the source of funding the said amount? Whether the corpus is being paid to members from the surplus accumulated by the society? If yes, then whether the said amount of 20 Lakhs per member can be paid considering there may be restrictions on profit distribution prescribed under the respective statue of State Co-operative Societies Law. Thus, understanding of rights and entitlement of members in a co-operative society vis-à-vis properties of the society as per applicable Co-operative law is important to ascertain likely tax implications under payment of corpus. Prima facie, it appears that the payment of corpus by the society from the accumulated surplus may be considered as dividend in the hands of members and may be taxed accordingly.

8. If the Society intends to distribute the profit / gain of 20 crores among the old members. If yes, whether there would be any tax implications in the hands of the old members?

- As indicated above, understanding of rights and entitlement of members in a co-operative society vis-à-vis properties of the society as per applicable Co-operative law is important to ascertain likely tax implications under distribution of profit as indicated in this question. Prima facie, it appears that the payment of profits by society may be considered as dividend in the hands of members and may be taxed accordingly.

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CASE STUDY - 2
INDIRECT TAX PERSPECTIVE

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Implications in the hands of Society on (i) sale of flats to new members / purchasers and (ii) construction of new flats for old members.

Normally, in the case of a Re-development / Joint development agreement, there are three parties involved, the land owner, the developer and the new purchaser. And these transactions are governed by the detailed amendments made into the taxability of construction services vide multiple notifications. However, when it comes to self-redevelopment of the society, there is a shift in the position because the society being the land owner is also taking on the roles and responsibilities of the developer.

In the present scenario, the ownership of land is transferred by the builder / previous owner in the name of the society. Though technically one may argue that the society holds this land as a "trustee" on behalf of the beneficial / real owners i.e., the members, and that the formation of a society and the subsequent transfer is a creature of convenience rather than a requirement of the law.

Be that as it may, the fact remains that the society itself is the owner of the land, and by authorization from the general body of the members, also becomes a developer of the land. And it is in the garb of this role that the society enters into a contract not only with the contractor for the development of the new property, it also enters into a contract of sale and development directly with the new buyers. So instead of 3 parties, there are only 2 parties to the contract, society and the new buyer.

Secondly, in the case of a joint development agreement, the seller undertakes to sell the free sale area at his own risk without any recourse to the Society, even though a tripartite agreement is signed for every sale. In contrast, in the case of self-redevelopment, the land owner i.e. the society itself sells the free sale area, that is to say that it carries the risk of the area remaining unsold.

With the above discussion in mind, let us analyse the situation under GST for such self-redevelopment of property:

(i) GST implications in the hands of Society on sale of flats to new members / purchasers:

In this regard, the position is by and large very clear. The society in its new found role as a developer of the land is providing the service of "construction of immovable property" and accordingly, it is a supply under the definition of Section 7 and therefore GST shall be payable upon the same. In this case, 1/3rd abatement is also available.

Accordingly, GST shall be payable at the rate of 1% or 5% as maybe applicable.

(ii) GST implications in the hands of Society on construction of new flats for old members.

Scope of "Supply" under Section 7

The transaction of giving new unit and Rs. 20 lakhs (as corpus fund) to the existing members in lieu of their old unit is a barter transaction. As per Section 7(1) of CGST Act, the term "supply" includes goods or services supplied in the form of barter, exchange etc. Therefore, there is a prima facie view that such a transaction between the society and the existing members falls within the scope of Section 7 of CGST Act.

Transfer of right in land is akin to transfer of land?

The term "immovable property" has not been defined in the GST Law. As per Section 3(26) of General Clauses Act, 1897, the term "immovable property" includes Land, benefits arising out of land and anything that is permanently fastened or attached to the land. Definition of "immovable property" in Transfer of Property Act, 1882 is *pari materia* to the General Clauses Act. Therefore, any benefit arising out of land is also an immovable property.

As discussed earlier, the members of the society have a beneficial interest in the land and therefore, it can be definitely said that they have a right arising out of the land and that such right in land being a benefit arising out of land can be defined as an immovable property.

It is noteworthy that Entry 5 of Schedule III has kept "Land" outside the scope of supply. In such a scenario, can one argue that immovable property is akin to land and therefore would be covered under the exception carved out by Entry 5 of Schedule III?

Reference may be had to the judgement of Hon'ble Supreme Court in the case of **Commissioner of Customs (Import), Mumbai v/s Dilip Kumar & Co. – 2018 (361) ELT 577** wherein the Apex Court has laid down the ratio that wordings of any exemption have to be construed strictly and in case of any ambiguity, it must be interpreted in favour of the revenue. Though Schedule III does not provide exemption but carves out an exception to the general definition of "supply", it would be hard to find a convincing argument to say that the aforesaid judgement would not apply to transactions enlisted in Schedule III either.

Similarly, *expressio unius est exclusio alterius* is a latin phrase used in law that means "to express or include one thing implies the exclusion of the other, or of the alternative." This means that if a law explicitly mentions one thing, it is assumed that other things are not included or allowed. For e.g., if a store says that only women above age of 35 are allowed, it automatically means that not only women below the age of 35 are not allowed, but also that even men are not allowed.

As discussed above, immovable property includes land, benefits arising out of land and anything permanently attached or fastened to land. In the present case, Schedule III has explicitly kept land outside the scope of supply, and such specific inclusion of land would automatically rule out all other forms of immovable properties including right in land.

In light of the above discussion, it would be rather difficult to say that such a right in land, being an immovable property, would be out of the contours of GST.

Is GST applicable on self-service?

As discussed earlier, though the land is owned by the society there is a view that can be taken that the society holds the land as a trustee on behalf of the members of the society who are the beneficial owners of the land. These members exercise their control on the society by way of share certificates issued to them by

the society and by voting in matters of the society. Therefore, a view can be taken that society (a collective body of all the members) and the members are one and the same and the service of self-redevelopment between the society and the members is in the nature of self-service and therefore, not a supply under GST.

Situation before 01.01.2022

The Hon'ble Supreme Court in the landmark judgement of **State of West Bengal vs. Calcutta Club Limited – 2019 (29) GSTL 545** has held that "doctrine of mutuality" is applicable on the relation between a club and its members and therefore, any goods or services supplied by a club to its constituents i.e., members is a self-service and therefore, beyond the purview of Sales Tax.

Similar logic can be imported into GST and reliance can be placed on the above judgement of the Hon'ble Court to state that where the society is giving service to its own members by giving them new units and therefore say that "doctrine of mutuality" would be applicable in the present case and therefore the transaction would be outside the purview of GST law.

Situation before 01.01.2022

However, Finance Act, 2021 has closed this door shut by introducing Section 7(aa) in CGST Act. Section 7(aa) has been inserted retrospectively from 1st July, 2017 which is ironically effective from 01.01.2022. Section 7(aa) states that any supply between a club and its constituents, or vice versa, shall be specifically covered under the definition of "supply".

Therefore, apart from the debate as to what is the actual date of applicability of Section 7(aa), it is very clear that "doctrine of mutuality" under GST has been watered down by the said amendment and any transaction between the society and its members, for any valuable consideration, monetary or otherwise, would be covered under the scope of supply and therefore, GST shall be applicable on such transactions.

How to quantify the GST payable on the transaction?

Having primarily determined that the service provided by the society to the members by way of re-development of the property is well within the scope of supply, the next question to solve is how much GST is to be paid.

To answer the said question, we need to first answer the following questions:

- What is the nature of the service?
- What is the time of supply of such service?
- How do we value the service?
- Whether any abatement shall be available?

What is the nature of the service?

Having determined that the transaction between the society and the existing members is within the scope of supply, a major challenge to determine is that whether the service is a service of construction of an immovable property or whether it is a service of works contract simpliciter.

The term "works contract service" has been defined in Section 2(119) of CGST Act to mean *"a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract"*

As can be seen from the above definition, any work done on an immovable property which includes goods and services is a "works contract service". In the present case, the society is developing a new premises for the existing members, it is carrying our works contract service.

The above definition includes multiple types of variations which inter alia include "construction". It means that construction is a sub-set of works contract service, that is to say every construction activity is a works contract service, but every works contract service is not construction. In the explanation to Entry 5 of Schedule II, the term "construction" has been defined (for the purpose of the said entry only) to include "additions, alterations, replacement or remodeling of any existing civil structure".

Therefore, from the above, it is evident that the service provided by the society to the existing members is a construction service and not merely a works contract simpliciter.

What is the time of supply of such service?

In this particular scenario, the nature of service is such that it will be provided over a long period of time and therefore, it is difficult to determine at which point is the service being provided. Further, the society will not be raising any invoices to the existing members for such service, hence, time of supply cannot be determined like a "continuous supply of services" in terms of Section 31(5) read with Section 13 of the Act.

Reference may be had to Notification No. 4/2018 – CT (Rate) dated 25.01.2024 wherein the Department has fastened the liability to pay tax on the transfer of development rights on the date when the right in the new property is transferred to the owner by way of conveyance deed, allotment letter or similar instrument.

Borrowing logic from this notification and applying it to the current situation, it would mean that the time of supply is triggered when the society transfers the right in the new property to the existing member, by way of allotment letter or some other instrument.

Practically, it is also seen that in most cases the agreement for redevelopment already mentions the floor no. and unit no. which will be given to the existing member, therefore, the right to new property is passed on to the existing member in the same agreement in which the right to old property is passed on to the society. Therefore, time of supply is the time when the agreement is signed. Where right in new property is not immediately transferred by way of identification of the new unit, the time of supply shall trigger when the new unit to be allotted to the existing member is identified.

How do we value the service?

The impugned service is a barter service and therefore, valuation of the underlying supply by the society to the existing member is to be done in terms of Rule 27 of CGST Rules which lays down the guidelines for valuation where the consideration is not wholly in money.

In the present case, in exchange for right in the new property and a corpus of Rs. 20 lakhs, the society is getting right in the old property. Therefore, the consideration for the society is the right in the old flat and we need to determine the value of supply in the following order of preference, i.e., if (a) is not possible then (b) and so on:

(a) Open market value of the supply i.e., the right in the new property

(b) Value of the consideration not in money i.e., right in the old property

(c) Value of supply of services of like kind and quality

(d) 110% of the cost or any other reasonable method

Clause (a) of Rule 27 states that where the consideration is not wholly in money, the value of supply shall be the open market value of the supply. In this case, the open market value of the right in new property will be easily available and ascertainable by various means such as stamp duty value, ready reckoner value, etc., and shall be treated as the value of supply of service given by the society to the existing member. However, one might argue that such right in the new property against the right in old property is limited only to the existing set of members and therefore, it cannot be said to be an "open" market value.

In such a scenario, value of supply may be determined as per Clause (b) of Rule 27 which says that the value of supply shall be equal to the consideration not in money. In the present case, the consideration for the society is the right in the old property which it is getting from the existing members and therefore, the right in new property must be valued at the market value in the old property which is also easily ascertainable.

There is a school of thought which suggests that Clause (a), (b) and (c) neither are applicable and valuation is to be done under clause (d) i.e., at either 110% of the cost of construction incurred by the society or any other reasonable means. However, in my opinion, it appears that when value can be ascertained with certainty and reasonableness under clause (a) and clause (b), the scope for venturing into subsequent clauses is very limited.

Whether abatement is available?

Under the traditional construction service, the GST law allows for 1/3rd value abatement in lieu of the value of land involved in the construction contract. Paragraph 2 of the Notification No. 11/2017 – CT (rate) dated 28.06.2017 states that 1/3rd value of construction contract which includes transfer of undivided share in land shall be deemed to be towards such undivided share in the land. Hence, in the present case the value determined earlier can be reduced by 1/3rd value on account of such value.

Having earlier determined that right in immovable property is not land, one can argue that this provision is not applicable and therefore, abatement is not available. However, this practice is being followed widely even in cases where new flats are being purchased and the same has been accepted by the Department, therefore, in my opinion it shall not be an issue if abatement is claimed for the construction service provided by the society to the existing member.

One might also argue that the Department has prescribed a mechanism for valuation via a rate notification, which is invalid. In this regard, reference may also be had to the judgement of the Hon'ble Gujarat High Court in the case of **Munjaal Manishbhai Bhatt v/s Union of India - 2022 (62) G.S.T.L. 262** wherein the Hon'ble Court has held that the deeming fiction imposed by the paragraph 2 of Notification No. 11/2017 – CT (Rate) is ultra vires in so far as it imposes tax on the value of land by arbitrarily valuing the land at 1/3rd of contract value.

While the logic of the judgement might be true, especially in areas like Mumbai where the value of land is substantially higher than the 1/3rd amount, practical experience shows that the industry is happy following the 1/3rd abatement diktat than to take an aggressive view propounded by the above judgement of the High Court due to the sheer value of the stakes involved.

Rate of tax

Having determined that the service is a construction service, the rate of tax applicable is a known commodity i.e., 1.5% in case of affordable housing (effectively 1% before abatement) and 7.5% in case of non-affordable housing (effectively 5% before abatement).

Alternative view

An alternative view may be taken that the services provided by the society to the existing members cannot be treated at par with the service provided by the society to new purchasers of the flats and therefore, it cannot be said to be a construction service. It shall be treated as a works contract simpliciter where the value of supply is the cost of construction incurred by the society, proportionately attributable towards the flats belonging to the existing members.

Whether tax needs to be paid on the unsold area?

Under the traditional JDA or TDR transactions, the promoter is required to pay tax under reverse charge mechanism on the value of development rights acquired them in the ratio of the area remaining unsold to the total area, on the date when the occupation certificate is received.

In the case of self redevelopment, the society itself is the owner of the land and therefore, there is no transfer of development rights from one person to another, therefore, there can be no levy of tax under reverse charge mechanism for transfer of development rights for the unsold area on the date of occupation certificate.

Alternative view

An opposite view to the entire discussion above is that there is no consideration involved in the transaction between the society and the existing member. The cost of construction is not going to be recovered from the existing member, but from the flats sold to the new customer on which society will be paying GST on the said value anyway. When GST already being paid on the flats sold to the new customer, the value of which also includes the cost of construction of flats allotted to existing members, then demanding GST on the flats allotted to existing members would amount to double taxation. Support for this view can be found in the judgement of Hon'ble CESTAT in the case of Vasantha Green Projects v/s Commissioner of CGST, Rangareddy – 2019 (20) GSTL 568.

In my opinion, while such view may have sailed through in service tax regime where the levy of tax was on "an activity for consideration" where the law has not included transactions like barter, exchange etc. under the ambit of service tax. Under GST Law, the scope of supply is very wide with a variety of contracts included within the scope of supply and the definition of service is also very wide to include "anything other than goods" within it, it would be difficult for such a view to sail through under GST.

Summary

- Flats sold to new customers to be taxable under GST at the applicable rate;
- Transaction between society and existing members is a barter transaction;
- Supply under Section 7 includes barter transaction;
- Right in land is an immovable property, however, it is not land and therefore, not covered under Schedule III;
- Doctrine of mutuality is not applicable under GST and therefore transaction between society and existing members is covered under "supply";
- Society is providing construction service to the existing member;
- Valuation of the service is to be done at (a) open market value of the right in new property, or (b) open market value of the right in old property;
- Difficult to value the services at 110% of cost or any other reasonable method;
- 1/3rd reduction in value in lieu of the value of land involved in the supply shall be available;
- Rate of tax as applicable to construction services to be applicable
- An alternative view of the service being in the nature of works contract simpliciter maybe taken, however, it seems to be litigative;
- Tax not payable under RCM for the unsold flats;
- Ratio of the judgment in Vasantha Green Projects is not applicable under GST.

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THE TRANSFORMATIVE FORCE OF COLLABORATION IN PROFESSIONAL DEVELOPMENT

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In today's rapidly evolving professional landscape, continuous learning and adaptation are essential. Professional development is no longer a solo journey; it increasingly relies on collaboration. By working together, professionals can leverage diverse perspectives, share knowledge, and foster innovation. This article explores the importance, benefits, and strategies for effective collaboration in professional development.

Why is collaboration important in the workplace?

Collaboration is important in the workplace because it often leads to more communication between colleagues and increased productivity. When people work together toward a common aim, they can each use their experiences and skills to contribute to its success. This can promote the development of efficient processes, which may benefit the team and the organization.

Collaboration occurs in many ways, and finding the best way to connect your team can help them accomplish personal and company goals. Teams develop collaboration strategies based on the project, the company's mission and each member's role. Trying several approaches to determine those that best suit the circumstances can help you experience more success with collaboration in the future.

Importance of Collaboration in Professional Development

- **Diverse Perspectives:** Collaboration brings together individuals with different backgrounds, experiences, and skills. This diversity enriches the learning process, providing a more comprehensive understanding of complex issues and fostering creative problem-solving.
- **Shared Knowledge:** Knowledge sharing is a cornerstone of collaborative professional development. It enables professionals to learn from each other's successes and failures, reducing redundancy and accelerating growth.
- **Innovation and Creativity:** Collaborative environments stimulate innovation. When people collaborate, they can brainstorm ideas, challenge each other's assumptions, and combine their skills to create innovative solutions.
- **Networking Opportunities:** Collaboration opens up networking opportunities. Building relationships with other professionals can lead to new career opportunities, mentorship, and partnerships.

Benefits of Collaboration in Professional Development

1. Enhanced Learning Experience

- **Engagement and Participation**: Collaborative learning environments are more interactive and engaging. Group discussions, peer feedback, and cooperative projects help participants stay actively involved.

- **Better Retention**: Learning from and with peers can improve retention of information. Collaborative activities reinforce understanding through discussion and practical application.

2. Diverse Perspectives

- **Broader Understanding**: Collaborating with individuals from different backgrounds and experiences provides a wider range of perspectives, leading to a more comprehensive understanding of topics.
- **Innovative Solutions**: Exposure to diverse viewpoints fosters creativity and innovation, as team members bring unique ideas and approaches to problem-solving.

3. Shared Knowledge and Skills

- **Knowledge Transfer**: Collaboration facilitates the sharing of expertise and experiences. Professionals can learn from each other's successes and mistakes, accelerating the learning process.
- **Skill Enhancement**: Working in teams allows individuals to develop new skills and competencies by observing and emulating peers.

4. Networking Opportunities

- **Building Connections**: Collaborative efforts create opportunities to build professional relationships. These connections can lead to mentorship, partnerships, and career advancement.
- **Community Support**: A strong professional network provides support, advice, and encouragement, which can be particularly valuable during challenging times.

5. Increased Motivation and Accountability

- **Peer Support**: Collaborating with others can boost motivation. Team members provide encouragement, support, and constructive criticism, helping each other stay committed to their goals.
- **Accountability**: Working in a group setting creates a sense of accountability. Knowing that others are depending on their contributions can drive individuals to perform at their best.

6. Improved Soft Skills

- **Communication**: Collaborative work enhances communication skills, as professionals must articulate their ideas clearly and listen effectively to others.
- **Teamwork**: Working in teams fosters teamwork and cooperation, essential skills in any professional setting.
- **Leadership**: Collaborative environments provide opportunities to develop and demonstrate leadership skills, such as guiding discussions, delegating tasks, and managing conflicts.

7. Efficiency and Productivity

- **Resource Sharing**: Collaboration allows for the pooling of resources, such as knowledge, tools, and time, leading to more efficient and effective outcomes.
- **Problem Solving**: Teams can tackle complex problems more effectively by leveraging the collective intelligence and experience of the group.

8. Enhanced Organizational Culture

- **Culture of Learning**: Promoting collaboration in professional development helps create a culture of continuous learning and improvement within the organization.
- **Employee Satisfaction**: Collaborative environments often lead to higher job satisfaction, as employees feel valued and supported by their peers.

9. Flexibility and Adaptability

- **Agility**: Collaborative teams can quickly adapt to changes and new information. They can reallocate resources and adjust strategies more efficiently than individuals working alone.
- **Resilience**: The support and shared responsibility inherent in collaborative work can help teams remain resilient in the face of challenges.

Strategies for Effective Collaboration

1. Set Clear Goals and Objectives

- **Define Purpose**: Clearly articulate the purpose and goals of the collaboration. Ensure that all team members understand and are aligned with these objectives.
- **Measurable Outcomes**: Establish measurable outcomes to track progress and success. This provides a clear direction and benchmarks for evaluating performance.

2. Foster Open Communication

- **Encourage Dialogue**: Create an environment where team members feel comfortable sharing their ideas, opinions, and feedback. Encourage open and honest dialogue.
- **Active Listening**: Practice active listening to understand and appreciate different viewpoints. This helps build mutual respect and trust among team members.
- **Regular Updates**: Schedule regular meetings and updates to keep everyone informed about progress, challenges, and changes.

3. Utilize Collaborative Tools and Technology

- **Project Management Software**: Use project management tools (e.g., Trello, Asana, Monday.com) to organize tasks, assign responsibilities, and track progress.
- **Communication Platforms**: Leverage communication platforms (e.g., Slack, Microsoft Teams) for instant messaging, file sharing, and video conferencing.
- **Collaborative Documents**: Utilize cloud-based collaborative documents (e.g., Google Docs, Microsoft OneDrive) to enable real-time co-authoring and editing.

4. Build Trust and Respect

- **Reliability**: Be reliable and consistent in your contributions. Meet deadlines and follow through on commitments to build trust.
- **Transparency**: Be transparent about your intentions, decisions, and challenges. Honesty fosters a culture of trust and openness.
- **Respect Diversity**: Respect and value the diverse perspectives, skills, and contributions of all team members.

5. **Encourage Diverse Contributions**

- **Inclusive Environment**: Create an inclusive environment where everyone feels valued and heard. Encourage contributions from all team members, regardless of their role or experience level.
- **Leverage Strengths**: Recognize and utilize the unique strengths and expertise of each team member. This maximizes the team's overall potential.

6. **Provide Support and Resources**

- **Training and Development**: Offer training and development opportunities to enhance the skills needed for effective collaboration.
- **Access to Resources**: Ensure that team members have access to the necessary resources, tools, and information to perform their tasks efficiently.
- **Mentorship and Guidance**: Provide mentorship and guidance to help team members navigate challenges and develop professionally.

7. **Establish Clear Roles and Responsibilities**

- **Role Clarity**: Clearly define the roles and responsibilities of each team member. This helps avoid confusion and ensures that everyone knows their specific contributions.
- **Delegate Effectively**: Delegate tasks based on individual strengths and expertise. This ensures that tasks are completed efficiently and effectively.

8. **Reflect and Adapt**

- **Regular Feedback**: Seek and provide regular feedback on the collaboration process and outcomes. This helps identify areas for improvement and celebrate successes.
- **Continuous Improvement**: Be open to adapting and refining collaboration strategies based on feedback and changing circumstances. Continuous improvement is key to long-term success.

9. **Foster a Collaborative Culture**

- **Team Building Activities**: Engage in team-building activities to strengthen relationships and build a sense of community.
- **Recognition and Rewards**: Recognize and reward collaborative efforts and achievements. This reinforces the value of collaboration and motivates team members.

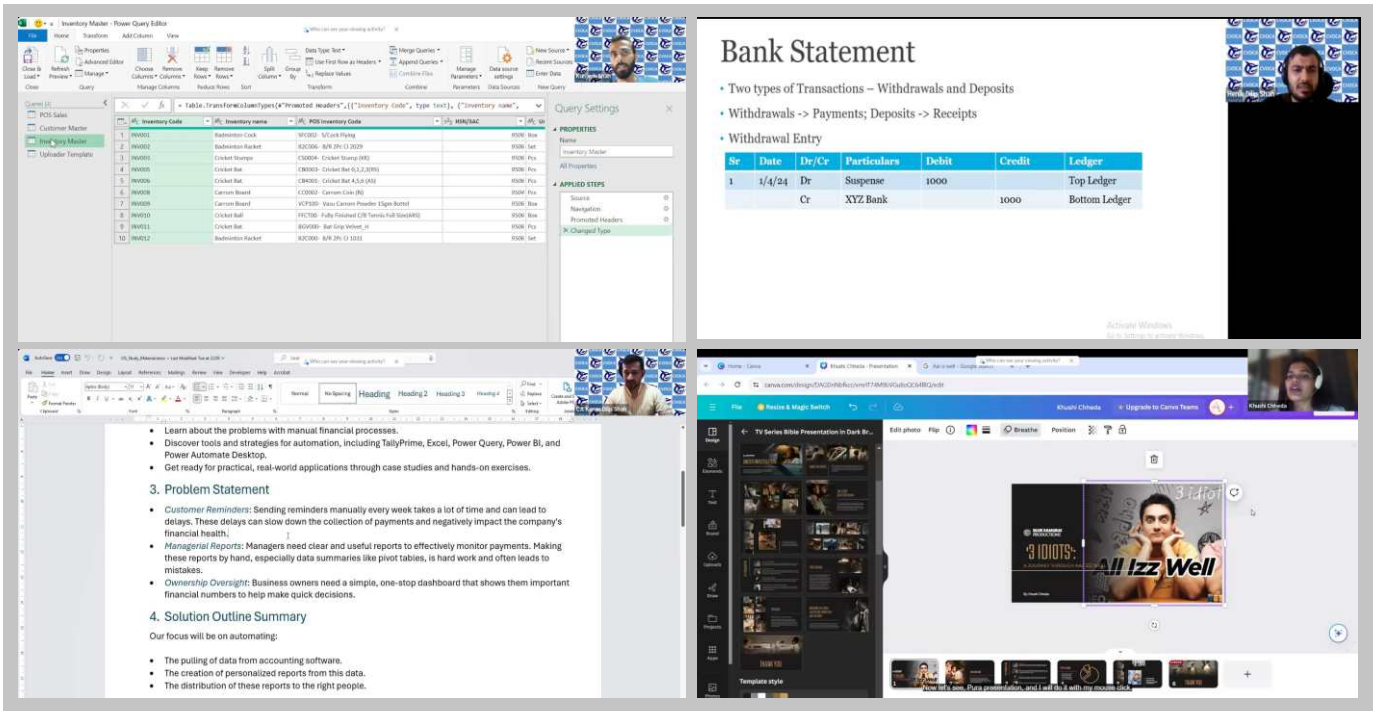
10. **Conflict Resolution**

- **Address Conflicts Promptly**: Address conflicts and disagreements promptly and constructively. Avoiding or delaying conflict resolution can harm team dynamics.
- **Mediation**: Use mediation techniques to facilitate discussions and find mutually agreeable solutions to conflicts.

In summary, Collaboration is a powerful tool in professional development. It enriches the learning experience, enhances skill development, and fosters innovation. By setting clear goals, fostering open communication, leveraging technology, building trust, encouraging diverse contributions, and reflecting on the process, professionals can maximize the benefits of collaborative development. Embracing collaboration not only accelerates individual growth but also contributes to the success and innovation of the broader professional community.

EVENTS IN RETROSPECT

Day & Date	Committee	Program Name	Moderator / Speaker	Attendance / Views
15th April, 2024, Monday to 24th April 2024, Wednesday	Publication, Representation & Training Committee	Office Automation Course 2024	CA Kunjesh Shah, CA Karan Shah, CA Umang Soni, CA Maitri Chheda & CA Henik Shah	173+ participants



EVENTS IN RETROSPECT

Day & Date	Committee	Program Name	Moderator / Speaker	Attendance / Views
27th April, 2024, to 7th May 2024,	Membership & Recreation Committee	International picnic to Azerbaijan and Georgia	NA	34+ participants