

## Entire increased rent amount received for period from 01.09.2005 to 31.08.2022 shall be liable to GST: AAR

Whether Collection of Increased rents for the past period i.e., 1-9-2005 to 30-6-2017 (Period before GST) shall also be treated as supply? If yes, whether entire increased rent amount for period from 1-9-2005 to 31-8-2022, shall be liable to Goods and Services Tax?

**Facts:** Applicant is engaged in providing transport services to public of entire Chennai Metropolitan Area. Applicant seeks advance ruling on 1) whether collection of increased rents for past period shall be treated as "supply" under GST? 2) If the answer to first question is yes, (a) Is the entire increased rent amount of Rs. 1,60,42,203/- subject to GST? Or (b) Is only the portion of invoice value of Rs. 99,19,432 relating to after 1<sup>st</sup> July, 2017, liable for GST and the rest Rs. 61,22,771 were exempt as it related to Service Tax Period?

**Provision:** GST is a significant reform in the Indirect taxes in our country. Multiple taxes levied and collected by the central and states have been replaced by one tax called GST. As GST sought to consolidate multiple taxes into one, it was very essential to have **transitional provisions** to ensure that the transition to the GST Regime is smooth and hassle free and no ITC earned in the existing regime are lost. So, The Law maker have incorporated transition Provision in GST. One such provision relevant to the issue in hand is reproduced below:

*Section 142(2)(a) of CGST Act, 2017 talks about Miscellaneous transitional provisions which states that in pursuance of a contract entered into prior to appointed day, if, price of any goods or services or both is revised upwards on or after appointed day, then, in case of such upward price revision, a registered person will issue a supplementary invoice or debit notes within 30 days from date of revision and such revision shall be treated as 'supply' under GST Act and tax is payable under this Act.*

**Analysis and Conclusion:** In instant case, applicant had entered into contract for provision of renting of immovable property services as per lease agreement submitted by applicant. Applicant intends to revise price upwards and issue supplementary invoices for said supply for upward revision of rent.

In instant case, collection of increased rents for past period i.e. 01.09.2005 to 30.06.2017 shall also be treated as "supply" under Goods and Services Tax and entire increased rent amount of Rs.1,60,42,203/-, as submitted by applicant for period from 01.09.2005 to 31.08.2022, shall be liable to Goods and Services Tax.