

# TAX INFO

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Latest update on GST Law: Information regarding ITC on Brokerage fees paid to property consultant based on the Judgement issued by Tamil Nadu Authority for Advance Ruling.

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## ITC on Brokerage fees paid to property consultant

<b>Name of Applicant</b>	M/s. Adwitya Spaces Private Limited
<b>Name of Court</b>	AAR-Tamil Nadu
<b>Appeal Number</b>	TN/13/AAR/2018
<b>Date of Judgement</b>	27/09/2018

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

M/s. Adwitya Spaces Private Limited is engaged in the business of letting out property and is in receipt of rental income. They have let out one of the properties to M/s. Vantec Logistics India Private Limited. This letting out has been arranged by a property consultant "M/s. Catalyst Consulting Chennai", who is registered under GST. They have raised their bill for their services to the applicant for Rs.2,74,21,374/- (which includes CGST& SGST).

### **Question on which Advance Ruling is sought**

"Whether they are eligible to take Input Tax Credit of the CGST & SGST charged by M/s Catalyst Consulting Chennai in respect of brokerage services and adjust the same against output tax payable against Renting of immovable property.

### **Contention of Petitioner:**

Petitioner contended that the tax of CGST & SGST paid by them on brokerage charges falls under "input tax" under Section 2(62) of CGST Act and is not covered under any restrictions under Section 17(5)(c) or (d) and hence are eligible to take input tax credit.

### **Observations:**

The applicant has received an inward supply of real estate brokerage services for renting of property on a fee basis. Due to the services of Catalyst Consulting Chennai, the applicant was able to make an outward supply of renting of the property to Vantec Logistics India private Limited. Hence, this inward supply was used in the course of the applicants business. This inward supply rendered by catalyst Consulting is not listed in any of the exceptions mentioned in Section 17(5) of CGST Act/ SGST Act for availing the input tax credit of CGST and SGST.

### **Ruling:**

The applicant is eligible to take credit of the CGST & SGST charged by M/s. Catalyst Consulting Chennai raised on the applicant for real estate brokerage services for renting of property on a fee basis rendered by Catalyst Consulting, subject to the conditions as per Section 16, 17 and 18 of CGST & SGST Act.

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