

# Vidarbha Beverages & Ors. vs. State Tax Officer & Ors.

*GST liability on assignment of leasehold rights in immovable property; scope of "supply" (Sections 7 & 74, CGST Act, 2017 read with Schedule II & III)*

**Date of Order:** February 13, 2026  
**Case Law No:** GIB- SC-2026-30  
**Source:** GST INDIA Biz (www.gstindia.biz)

## CASE DESCRIPTION / SUMMARY

### Facts

The petition challenged a show cause notice demanding GST of ₹59,40,000 plus interest on transfer of leasehold rights in MIDC land.

The petitioner had assigned leasehold rights for ₹3.30 crore with MIDC's consent and paid additional premium.

Authorities treated the transaction as "supply of services" under Section 7 read with Schedule II and classified it as taxable miscellaneous services.

### Court Decision

The Court held that assignment of leasehold rights amounts to transfer of benefits arising out of immovable property and not a supply of services.

It found that the transaction was neither lease nor sub-lease and the petitioner's rights stood extinguished upon assignment.

The activity lacked the essential element of being in the course or furtherance of business required under [Section 7](#) of the CGST Act.

Classification under "other miscellaneous services" was rejected as inapplicable.

Accordingly, the show cause notice and adjudication order were quashed and set aside.

### Cases Referred

- Gujarat Chamber of Commerce and Industry v. Union of India, (2025) 170