

# Builders Association of Navi Mumbai v. Union of India

*GST applicability on one-time lease premium for long-term land lease (commercial plots) under GST law.*

**Date of Order:** March 28, 2018  
**Case Law No:** GIB-BHC-2018-03  
**Source:** GST INDIA Biz ([www.gstindia.biz](http://www.gstindia.biz))

## CASE DESCRIPTION / SUMMARY

This is the foundational judgment on the taxability of one-time premium paid for long-term land lease under GST. CIDCO disposed of land for development for 60 years to various builders and developers under the Navi Mumbai Land Disposal (Amendment) Regulation, 2008 by charging them a one-time lease premium. In addition to this one-time lease premium, a separate lease rental was charged annually for the period of lease. The petitioners questioned the levying of GST separately on the one-time lease premium amount at the time when the allotment letter was issued.

The Bombay High Court upheld the GST levied on the lease premium for commercial plots, regardless of lease duration. The Court reasoned that clause 5(a) of Schedule II specifically treats renting of immovable property as supply of services, and a long-term lease still falls within the category of lease — not sale. The Court held that absent a specific government notification under Section 7(2) of the GST Act treating CIDCO's activities as that of a public authority, GST would be applicable. This judgment was taken to the Supreme Court by way of SLP and is pending final adjudication.

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