

Assistant Commissioner, CGST & Central Excise, Division-IX, Ankleshwar v. Pragna Chemical Industries (with Shivabhishek Industrial Park Pvt. Ltd. and Kumar Packaging)

Whether GST is leviable under reverse charge on assignment of GIDC leasehold rights in industrial plots to a third-party assignee.

Date of Order: October 6, 2026
Case Law No: GIB-GSTAT-2026-124
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CASE DESCRIPTION / SUMMARY

Background

The Respondents became assignees of leasehold rights in GIDC plots (in Pragna's case, a plot sold in a departmental e-auction and transferred by GIDC in 2019). The department demanded GST from the assignees under RCM, invoking Section 74 and a further penalty under Section 122(2)(b). The Appellate Authorities set aside the demands following the Gujarat High Court in Gujarat Chamber of Commerce and Industry v. UOI (03.01.2025), and the department appealed to the Tribunal.

Final Verdict

The Tribunal noted that it was undisputed that the case was squarely covered by Gujarat Chamber of Commerce and Industry, where the High Court held that assignment of GIDC leasehold rights for consideration is a transfer of benefits arising out of immovable property, outside Section 7(1)(a) read with Schedule II/III, and not liable to GST; the Bombay High Court took the same view in Aerocom Cushions (09.01.2026). The department's SLPs against both judgments were dismissed by the Supreme Court on 22.05.2026 and 21.07.2026. Holding that **the jurisdictional High Court's judgment holds the field and binds the Tribunal, and the department's intention to seek review does not dilute it in the absence of any stay or recall**, the Tribunal held that **GST is not leviable on the assignment transactions**. The questions of invoking Sections 74 and 122(2)(b) and applicability of RCM did not survive; the department's appeals were dismissed and the Orders-in-Appeal upheld.

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