## S C Vora & Co. Chartered Accountants

Update: 05/25-26 Date: 23/05/2025



# Bombay High Court- GST on Assignment of leasehold rights



B. Sorabji vs Union of India (Bombay High Court)

(Writ Petition No. 6041 of 2025 | 05/05/2025)

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

- The petitioner had acquired a plot on lease from MIDC and subsequently assigned leasehold rights, including constructed premises, to a third party for a lump sum consideration.
- GST department issued a SCN dated 31-Jul-2024 and passed adjudication order on 06-Jan-2025, treating the transaction as taxable supply of service under the CGST/SGST Acts.
- According to the petitioner, the transaction involves transfer of immovable property rights, not subject to GST.

S C Vora & Co. | Strictly Private & Confidential. All rights reserved



Tokheim India Pvt. Ltd. vs Union of India (Bombay High Court)

(Writ Petition No. 4487 of 2025 | 03/04/2025)

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

MIDC allotted land on lease to the petitioner, who later assigned leasehold rights along with constructed building to a third party for a lump sum consideration.

 Department issued Show Cause Notice dated 02-Aug-2024, alleging GST liability on the transaction.

 Adjudication order dated 06-Jan-2025 confirmed GST was payable, treating it as a supply of service under Section 7(1)(a) of the CGST Act.

S C Vora & Co. | Strictly Private & Confidential. All rights reserved



#### **High Court Observations:**

- The Court noted that the Gujarat HC in Jan-2025 (Gujarat Chambers of Commerce & Industry & Ors. vs UOI) had held that:
- Transfer of leasehold rights by the lessee to a third party amounts to assignment of rights in immovable property and is not a "supply" under Section 7(1)(a) of the CGST Act.
- The Court also referred to similar pending matters:
  - Siemens Limited vs Union of India & Ors.
  - Chambers of Small Industries Association & Anr. vs State of Maharashtra & Ors.
- Implementation of adjudication order under both writ petition was stayed.
- The matter is tagged with similar petitions and posted for further hearing

S C Vora & Co. | Strictly Private & Confidential. All rights reserved



### THANK YOU



D-723/ 724, Neelkanth Business Park, Vidyavihar (West), Mumbai 400086



+91 9152729402 | +91 9152729403 |

+91 8291466022



www.scvora.com

#### **PARTNERS**

Subodh Vora

M: +91-9821151467 | E: subodh@scvora.com

Kush Vora

M: +91-9821305187| E: kush.vora@scvora.com

Bhakti Vora

M: +91-9821362481| E: bhakti.vora@scvora.com

trictly Private & Confidential. All rights reserved