

Form GST DRC-06

[See rule 142(4)]

Reply to the Show Cause Notice

ARN: ZD360225083849V

Date: 27/02/2025

1. GSTIN	36AADCM5906D2ZO		
2. Name	Modi Housing Private Limited		
3. Details of Show Cause Notice	Reference No. ZD361124013274V	Date of issue 13/11/2024	
4. Financial Year	2020-2021		
5. Reply			
Addendum to Form DRC-06.			
6. Documents uploaded			
Reply Part 2 Signed (1).pdf			
7. Option for personal hearing	☐ Yes	☒ No	

8.Verification-

I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Signature of Authorized Signatory
Name : SOHAMMODI
Designation / Status: Director
Date: 27/02/2025

To,
The Assistant Commissioner (ST)
M.G. Road – S.D. Road Circle
Begumpet Division

Date: 27-02-2025

From,
Modi Housing Private Limited,
Soham Mansion, M.G. Road,
Secunderabad
GSTN: 36AADCM5906D2ZO

Subject: Addendum to Form DRC-06 (Reply to the Show cause notice dated 09-01-2025)

Sir,

In addition to the reply against the SCN issued vide reference no. ZD361124013274V dated 13-11-2024, the noticee hereby make the following further submissions.

1. In Reply to Para 2 of the impugned notice : - **Turnover Reported as Exempted Supply Proposed to Tax in absence of documentary evidences.**

This para proposed tax @ 18% on exempt turnover of Rs. 15,23,08,421/- reported in the financial year 2020-21 for non-submission of documentary evidence.

Particulars	Turnover	CGST Proposed @ 9%	SGST Proposed @ 9%	Total Output Tax Proposed
Turnover Reported as Exempted Supply Proposed to Tax in absence of documentary evidences	15,23,08,421	1,37,07,758	1,37,07,758	2,74,15,516

noticee submitted a detailed breakup of such exempt turnover reported in GST returns.

Particulars	Amount	Nature
Sale of Flat	72,26,512	Non-GST Supply
Sale of Land	2,00,00,000	Non-GST Supply
Interest on Fixed Deposits	6,56,445	Exempt
Interest on IT refund	8,891	Exempt
Revenue Recognized	12,44,16,573	Non-GST Supply
Total	15,23,08,421	

2. Towards Revenue Recognized of Rs 12,44,16,573/- as Non-GST Supply it is submitted that noticee is in the business of sale of plotted lands and the revenue amounting to Rs 12,44,16,573/- pertains to sale of land. As per provisions of Section 7(2) read with schedule III, sale of land is to be treated as non-gst supply.
3. A relevant extract of such Section and schedule is provided here under: -

Section 7(2)

Notwithstanding anything contained in sub-section (1),

(a) activities or transactions specified in **Schedule III**; or

(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

Extract of Schedule III

Sale of land and, subject to clause (b) of paragraph 5 of **Schedule II**, sale of building.

4. It is further submitted, the Central Board of Indirect Tax through its Circular vide no. 177/09/2022 TRU dated 3rd August 2022 in its point no. 14 has provided the following clarification:

“14. Whether sale of land after levelling, laying down of drainage lines etc., is taxable under GST

14.1 Representation has been received requesting for clarification regarding applicability of GST on sale of land after levelling, laying down of drainage lines etc. 14.2 As per Sl no. (5) of Schedule III of the Central Goods and Services Tax Act, 2017, ‘sale of land’ is neither a supply of goods nor a supply of services, therefore, sale of land does not attract GST.

14.3 Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and is covered by Sr. No. 5 of Schedule III of the Central Goods and Services Tax Act, 2017 and accordingly does not attract GST. “

5. In light of the above submissions, it is respectfully requested that the revenue recognized, amounting to Rs. 12,44,16,573/-, be classified as a Non-GST supply.
6. The noticee recognizes revenue in its Financial Statements and for Income Tax purposes based on the Percentage of Completion Method, as mandated by the applicable accounting

standards in India. Kindly refer to the notes to the Financial Statements, which are reproduced below:

f) Revenue Recognition:

Revenue from property development activity which are in substance similar to delivery of goods is recognized when all significant risks and rewards of ownership in the land and/or building are transferred to the customer and a reasonable expectation of collection of the sale consideration from the customer exists.

Revenue from these property development activities which have the same economic substance as that of a construction contract is recognized based on the 'Percentage of Completion method' (POC).

7. Details of the manner of the revenue recognized is already submitted.
8. To substantiate that the revenue recognized is purely from sale of land, we have submitted 10 sample sale deeds vide our reply dated 09-01-2025.

Sincerely,

**SOHAM
SATISH
MODI**

Digitally signed
by SOHAM
SATISH MODI
Date: 2025.02.27
15:43:56 +05'30'

(Authorised Signatory)

Date: 27-02-2025

Place: Hyderabad