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Real Estate and Infra

Real solution to tax and regulatory aspects

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Foreword

India's real estate sector stands at an important inflection point. After navigating a prolonged period of regulatory reform, capital constraints and cyclical disruptions, the sector today reflects greater institutionalization, transparency and resilience. With sustained urbanisation, infrastructure-led growth, evolving consumer preferences and increasing participation from domestic and global capital, real estate continues to remain a critical pillar of India's economic growth story.

At the same time, the sector operates within a uniquely complex legal, tax and regulatory framework. Real estate transactions often involve multiple stakeholders, layered structures, long gestation periods and significant capital deployment. Tax considerations, ranging from income characterisation, capital gains, withholding obligations and indirect tax implications, to evolving international tax norms, frequently influence both deal viability and long-term returns. Parallelly, regulatory developments across land laws, RERA, foreign investment norms, SEBI regulations for REITs and AIFs, and state-specific approvals add further dimensions that require careful navigation.

Against this backdrop, we are pleased to present this publication on the **Real Estate Sector: Key Tax and Regulatory Considerations.** This report seeks to bring together our practical experience of advising developers, investors, funds, lenders and corporate groups, and distil it into a focused discussion on sector-specific issues that matter most in today's environment. Rather than being an academic exposition, the emphasis is on practical insights—highlighting common challenges, emerging trends, structuring considerations and areas of potential risk or opportunity.

At Dhruva Advisors, our approach has always been to combine deep technical expertise with a strong understanding of commercial realities. The real estate

sector exemplifies this need more than most. Through this publication, our objective is to provide stakeholders with a holistic perspective that supports informed decision-making across the investment lifecycle, from entry and development to operation, monetisation and exit.

I would like to thank our real estate tax and regulatory teams for their efforts in putting together this report, and for their continued commitment to delivering thoughtful, client-centric advice. We hope that readers find this publication relevant, insightful and useful as they navigate the evolving landscape of the Indian real estate sector.

Happy reading !!

Warm regards,

Dinesh Kanabar

Chairman & CEO
dinesh.kanabar@dhruvaadvisors.com

Authors

Dinesh Kanabar
Chairman & CEO
dinesh.kanabar@dhruvaadvisors.com

Deepesh Chheda
Partner
deepesh.chheda@dhruvaadvisors.com

Ranjeet Mahtani
Partner
ranjeet.mahtani@dhruvaadvisors.com

Umesh Gala
Partner
umesh.gala@dhruvaadvisors.com

Maharshi Mehta
Associate Partner
maharshi.mehta@dhruvaadvisors.com

Bhavin Dedhia
Principal
bhavin.dedhia@dhruvaadvisors.com

Karan Awtani
Principal
karan.awtani@dhruvaadvisors.com

Joint Development Arrangements

Background

In metro cities and in some Tier II cities, the availability of vacant land parcels for fresh development is a challenge. Much of the land is held by industrial houses who previously operated manufacturing units, or by large housing societies that are not utilising the full development potential of their plots due to changes in development regulations, increased FSI, or urban redevelopment requirements.

While such landowners or societies may have valuable land, they often lack financial resources, execution bandwidth, or developmental expertise to undertake projects on their own.

Many large developments involve co-developers, financiers, or strategic partners, who may be promised a share of the constructed area or revenue. Further, it is also seen that developers are required to provide constructed areas to consultants assisting in securing project approvals. These practices, while common in real estate sector, add layers of complexity from a legal, tax, and stamp duty perspective.

Nuances of JDA

A **Joint Development Agreement (JDA)** is fundamentally a **collaborative arrangement** between a landowner and a developer under which the landowner contributes land or development rights, while the developer brings in capital, technical expertise, approvals, and execution capability to jointly develop a real estate project. The landowner typically permits the developer to enter upon the land and grants **development rights-** such as the right to plan, construct, obtain approvals, and commercially exploit the project - without necessarily transferring ownership of the land at the outset. The essence of a JDA lies in this distinction: **it is not an outright sale of land,** but a structured grant of development and exploitation rights, with ownership often remaining with the landowner until a later stage, such as completion or conveyance to end buyers or a society.

JDA gives flexibility to the Developer in discharging the consideration over the period of the project and through suitable contractual mechanism the ownership over the land is also retained by the Landowner till the receipt of consideration. The consideration is typically discharged in either of the following ways:

- Revenue Share – (i) fixed consideration or (ii) variable consideration being defined percentage of overall sales realization from sale of Project or (iii) a combination of (i) and (ii)
- Area Share – defined area in the project developed on the underlying property
- Hybrid Model comprising of Revenue Share and Area Share

Since every JDA is structured differently, the actual implications may vary, and each case must be **examined independently based on its specific facts and terms.**

Income Tax: Implication in hands of the Landowner on provision of Land / Development Rights

Income-tax

The nature of income in the hands of landowners on transfer of land / development right can depend upon the manner in which the asset is held, the nature of activities and role assumed by the landowner, intention and conduct of the landowner, terms of arrangement, etc. Based on these factors the income can be either business income or capital gains.

Year of taxation

The taxability is in the year of transfer/ sale of development rights/ land. The ownership of the asset may either pass to the developer upfront, or—depending on the commercial and legal terms of the agreement it may remain with the landowner until a later stage. Since taxation is triggered upon transfer/ sale, the timing of tax liability is closely linked to how

and when the transfer/ sale is affected under the agreed terms.

The issue of the year of transfer has been a perplexing issue where different courts have interpreted it differently and held transfer to arise on different events namely (i) date of execution of development agreement, (ii) date of grant of possession of land to the developer or (iii) receipt of consideration by the landlord. Thus, transfer/ sale and consequently the year of taxability shall depend largely on the commercial understanding between parties to the JDA and construct of arrangements.

Further, in cases where the character of land is changed from capital asset to stock or vice versa, then there can be further complications on nature of income and year of taxation.

Deferral of year of taxation

In many JDAs where the consideration is entirely or even partly in form of an area share, then recognizing the difficulty of paying taxes before actually receiving the finished property, the law allows tax on such arrangements to be deferred to the year in which completion certificate for the whole or part of the project is issued by the competent authority. However, this provision is only applicable to a landowner who is individual or HUF.

Section 45(5A) by granting a deferral of capital gains tax until the year in which the completion certificate is issued, implicitly assumes that a "transfer" of development rights has taken place at the time of entering into the Joint Development Agreement. However, it can be contended otherwise that until handing over of legal title or receipt of complete consideration in accordance with the terms of agreement, there is no transfer. This may help in cases where the landowner has not received consideration, but the developer has obtained the completion certificate.

However, there can be other issues such as landowner selling his share in the project (wholly or partly) before completion, whether this deferral regime is optional or mandatory, applicability to cases of society redevelopment, etc. Such issues merit careful consideration.

In cases where the landowner is an entity other than an individual or HUF, careful consideration are essential. The timing of transfer, the nature of consideration, and the form of the agreement should be examined in detail to ensure that the intended tax position is achieved, and unnecessary exposure is avoided.

Income Tax: Implication in hands of the Developer

The tax implication in the hands of developers is as below:

Cost incurred by the Developer towards obtaining the development rights/ land both in money terms and as cost of constructed premises to be given to landlord including cost of constructing the rehab for the tenants, constitutes project cost and shall be allowed as deductible expenditure for computing the profit from the real estate project.

In certain cases, service providers assisting real estate developers in securing regulatory approvals or project clearances may be compensated through allotment of built-up area in the project instead of cash. Such non-monetary consideration can give rise to income-tax as well as GST implications for both parties, particularly around valuation, timing and characterization of the transaction. While there may be planning approaches available to mitigate or optimise the GST impact depending on facts and structure, these arrangements require careful consideration to ensure alignment with applicable tax positions and to manage potential exposure.

GST: Implications in the hands of developer-promoter

GST on 'transfer of development rights' under RCM

Development rights refer to a benefit arising out of a parcel of land that allows a person to develop that land or a building on it. Under the CGST Act, *the sale of land and sale of building* are specifically excluded from the scope of 'supply' (see Paragraph 5 of Schedule III). The primary issue is whether DR should be considered an immovable property and not subject to GST, or a supply of service that is liable to GST.

The Telangana High Court[1] in context of a JDA, rejected the argument that transferring development rights amounts to the "sale of land" under Schedule III. It held that development rights are a taxable supply of service. This case is now pending before the Supreme Court; interim stay on the judgment of the Telangana High Court was not granted.

The question of whether transferring DR is taxable has been disputed even under the earlier service tax regime. The Tribunal[2], once held that development rights are part of immovable property and therefore not subject to service tax.

Another aspect and issue in taxability of DR is whether only the DR issued by the planning authority is liable to GST. Recently, the Bombay High Court[3], in respect of development rights conferred under a JDA, ruled the concept of DR in the reverse charge notification refers only to Transferable Development Rights (TDR) issued by a planning authority under the Unified Development Control and Promotion Regulations, 2011 (UDCPR). The judgment may imply that right to develop granted by landowners to the developers under a JDA is not the development rights intended to be taxed under the GST law.

Evidently, there are conflicting views on the issue of taxability of development rights, and the issue is yet to be settled.

The valuation of the DR for payment of tax should be determined as per the relevant rules framed and notifications issued in this regard. The time of supply for DR used for commercial or residential construction shall be determined as per the provisions of the relevant notification, wherein, in case of DR used for commercial construction, the GST shall be payable on the receipt of OC in case of area share model or on date of transfer of DR in case of revenue share model and in case of DR used for residential construction, the time of supply shall be the date of receipt of completion certificate or the first occupation of the project, whichever is earlier. In case of composite constructions or hybrid models, care needs to be taken for ascertaining and discharging the appropriate GST liability.

Exemption from payment of GST – residential units construction

Supply of development rights for construction of residential apartments is exempt from payment of GST subject to the condition that the residential apartments are sold prior to receipt of completion certificate or the first occupation has occurred, whichever is earlier. In other words, GST is payable on the proportionate value of DR attributable to the apartments unsold at the time of receipt of completion certificate or, the first occupation. The exemption is not available for the DR used for the construction of commercial apartments. In case of composite projects having both residential as well as commercial units, the exemption from payment of GST on TDR needs to be correctly computed.

1. Prahitha Construction v. Union of India and Ors. [TS(DB)-GST-HC(TEL)-2024-227]
2. DLF Commercial Projects Corporation Ltd v. Commissioner of Service Tax (Gurugram) [2019 (5) TMI 1299 - CESTAT Chandigarh]
3. Shrinivasa Realcon Pvt. Ltd. v. Deputy Commissioner, CGST & Central Excise [TS-256-HC(BOM)-2025-GST]

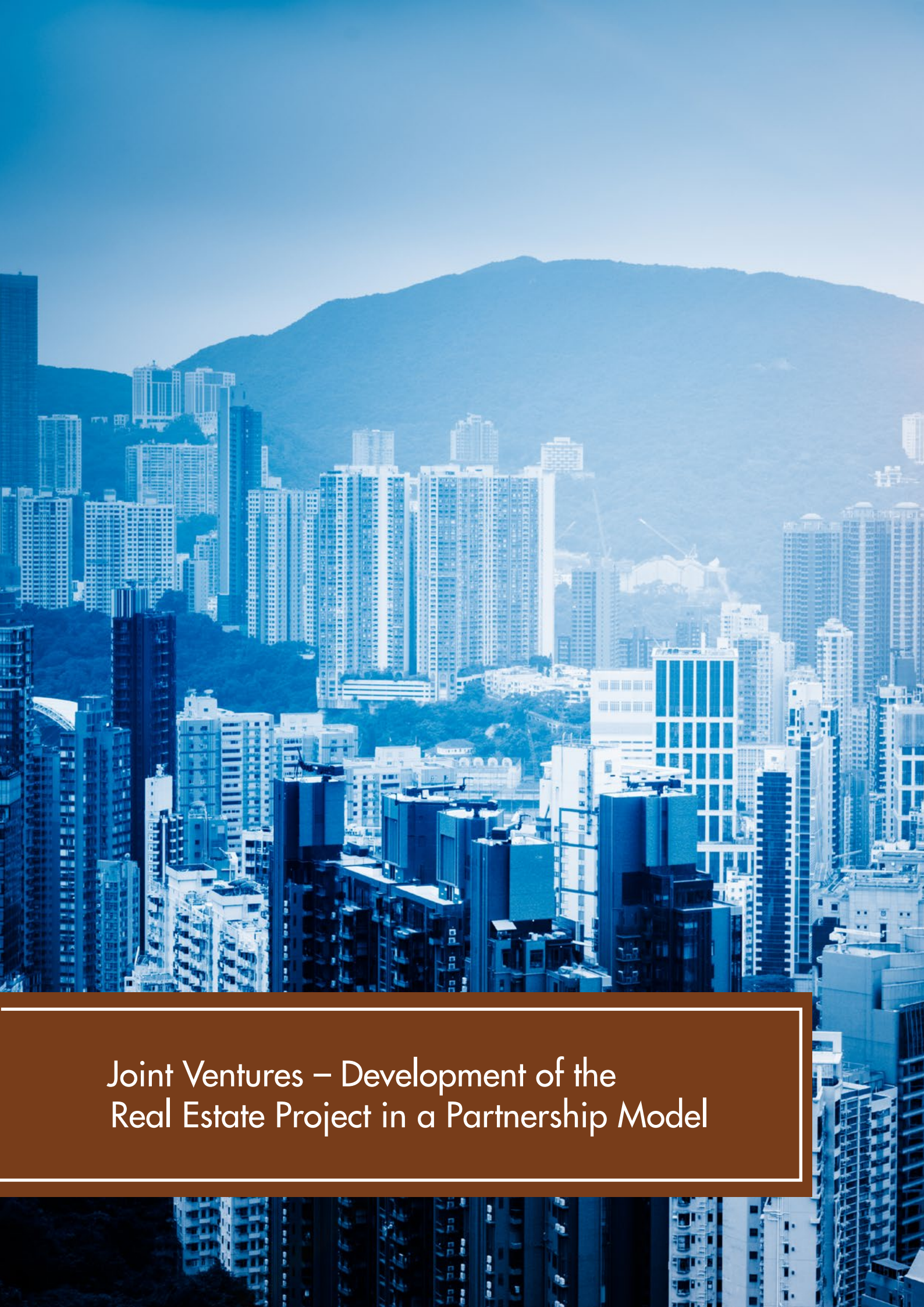
GST: Taxability in the hands of landowner

GST on 'transfer of development rights'

The supply of DR from any person to a 'Promoter' is liable to GST under reverse charge i.e. the 'Promoter' is liable to discharge the tax. However, in case the receiver of DR is not a 'Promoter' for the purposes of the reverse charge notification, the liability to pay GST shall be on the supplier under forward charge. Each transaction should be reviewed carefully to ascertain the person who is liable to pay GST, on the transfer of DR.

Supply of area received under area-share model

A landowner may retain few apartments for itself and supply balance units/apartments to independent buyers. In case the landowner supplies such units (allotted to it by the developer) to a customer before the completion certificate or first occupation of the project, whichever is earlier, the landowner shall be liable to GST on such supply. Although the landowner is not the developer undertaking construction of a building, he will be liable to discharge GST on subsequent sale of the unit allotted and can avail the ITC of the GST paid to the developer on such units.



Joint Ventures – Development of the Real Estate Project in a Partnership Model

In recent years, the real estate industry has seen a sharp rise in **joint ventures between experienced developers,** driven largely by the increasing scale, complexity, and financial intensity of modern real estate projects. JVs bring together **two industry participants, landowner, developer, investor** each contributing established capabilities such as capital, construction expertise, regulatory know-how, brand value, or market access.

Developer JVs are often formed not out of necessity but out of **strategic choice.** By joining forces, developers can **share project risks,** combine strengths, shorten development timelines, enter new micro-markets, or diversify their project portfolios. JVs are also common where a developer wants to scale faster but prefers **risk-balanced growth** instead of taking on the full burden of land acquisition or project financing.

These JV structures can take many forms, such as **co-development, profit-sharing, equity participation, special purpose vehicles (SPVs),** or a combination of these. Each structure reflects a different balance of **control, responsibility, resource contribution, and revenue entitlement.**

There are various ways and structures for designing a JV arrangement, such as:

1. **Pooling the resources in a special purpose vehicle (SPV):** JV Entity with concerned parties as partners/ shareholders of said entity. All parties (landowner, developer, investor) contribute their respective resources into a newly incorporated entity — typically a Private Limited Company, LLP, or sometimes an AOP or partnership. The SPV becomes the project owner and developer.
2. **Collaborate in existing Project Entity:** Typically, where the project or a property is already housed in an entity, then instead of transferring the ownership into different entity which could have various nuances and implications, the parties agree on joining together as stakeholders of the existing entity holding the property/ project.

Because developer JVs are inherently more **commercially negotiated and operationally intensive** than a typical landowner–developer arrangement, their **tax and GST implications** depend heavily on:

- the chosen JV structure,
- the nature of contributions (land, capital, development rights, services),
- governance and control arrangements, and
- how profits or built-up area are ultimately distributed.

As with any collaborative project structure, these implications can vary widely, and **each JV requires independent analysis,** particularly since tax treatment may shift based on nuanced facts and evolving jurisprudence. For these reasons, **thoughtful structuring** becomes critical, not only to protect commercial interests but also to ensure clarity, tax efficiency, and long-term stability in the Joint venture.

Taxation implications surrounding the JV Model

There are various tax and regulatory implications to be kept in mind by the parties while entering in a JV arrangement including while opting for any specific JV framework. The key direct and indirect tax implications are given below:

Income tax:

1. JV Framework

The JV can either be structured and incorporated as a Company or an LLP. The selection of an entity is not automatic, but guided by various commercial, legal

and regulatory parameters including interests of JV partners, therefore the same needs to be carefully evaluated before zeroing down and implementing any structure. This is the most vital step of the entire process as one may have to live in this entity for the lifetime of the project if not more.

The AOP Angle in Real Estate Collaborations:

In addition to above, the partners may also collaborate on a project without creating a distinct legal entity, with their relationship and responsibilities governed solely by a JV agreement. This framework can be made workable through a well drafted JV arrangement/ contract. Such arrangements must be structured with clarity and precision. If the agreement lacks clearly defined roles and responsibilities, there is an overlap in functions, joint intent to earn profits, etc., then though not intended it may be characterized as an Association of Persons (AoP).

Why does this matter? Because the tax regime applicable to an AOP is frequently **less favourable** than the taxation applicable to the individual members acting separately. For instance, an AOP can be taxed at the **maximum marginal rate,** surcharges may apply, question remain over available of credit of taxes to members of AOP and the flow-through of income may not be as tax-efficient as individual or corporate taxation. Moreover, once a structure is regarded as an AOP, unwinding or restructuring it mid-project is extremely difficult, especially when statutory approvals, financing arrangements, and third-party contracts are already in place. This makes it imperative for stakeholders to approach real-estate collaborations with a clear understanding from an AOP-risk perspective.

2. On contribution of land to JV Entity

The way a property is transferred to a JV entity can vary and is largely influenced by the legal structure or framework of the JV entity, i.e., whether a simpliciter sale, capital contribution, etc. Further, the nature of income is dependent upon the nature and form in which the land is held by the transferor, i.e., capital assets or stock.

Point of taxation:

Capital gain is chargeable to tax in the year of transfer of the land held as capital asset. Based on the specific terms of commercial arrangement and understanding between the parties, the taxation in certain cases can be at later point in time instead of immediate taxation. This not only secures the right and control of the owner over the property but also enables it to avail itself of a concessional tax rate applicable to LTCG.

Consideration:

Further, the income tax law has specific anti-abuse provisions in form of section 43CA and 50C which provide for adopting the value assessable for stamp duty purposes (SDRR value) as the full value of consideration in cases where the consideration agreed by parties is less than such SDRR value (say 'shortfall'). Similarly, the law also provides for taxing the shortfall in the hands of recipients too. However, based on the specific facts it can be argued that the shortfall should not be taxed in hands of JV entity receiving such land as mentioned below:

Further, the law provides for separate mechanism to determine consideration in the event of capital contribution

Conclusion:

Joint ventures in real estate offer tremendous commercial flexibility, especially for large or complex projects where no single participant can efficiently shoulder the entire development responsibility. But this flexibility also brings structural choices, tax considerations, and operational nuances that must be handled with care. As with JDAs, there is no single model that fits every project—each JV must be tailored to the commercial objectives, risk allocation, financing needs, and factual realities of the parties involved. The broad principles discussed in this chapter are intended to build awareness, but every JV ultimately demands its **own detailed evaluation** to ensure that the intended collaboration is achieved without triggering unintended tax or regulatory consequences.

Goods and Services Tax:

When developers and landowners form a JV for a real estate project, GST implications become a key tax and compliance consideration. Under GST, the key issue is whether these contributions and subsequent exchanges constitute a "supply" of goods or services that attract tax, and if so, who is liable to pay and when. In a JV, the main forms of partner contributions are:

- TDR or Floor Space Index (FSI) by the landowner
- Construction services provided by the developer to the JV entity.

Whether these arrangement attract tax liability depends on whether they qualify as supplies under GST i.e., if one party supplies goods or services to another for consideration.

Overall, effective GST planning in JV structures requires careful tax structuring, clear documentation of partner exchanges, and proactive handling of compliance and litigation risks.

Leasing / rental Income – Business Income or Income from House Property?

The real estate sector in India continues to occupy a central place in the economic landscape, not merely as a store of wealth but as an active means of generating income. With increasing investment in commercial, residential, and mixed-use spaces, one of the most debated questions under is the characterisation of lease or rental income for tax purposes, whether it should be assessed under the head "Income from House Property" or as "Profits and Gains from Business or Profession". This question is far from academic.

Core of the Debate

At first glance, the law appears straightforward - rental income derived from ownership of property is generally taxable as income from house property. However, the simplicity fades when the property is not held merely for passive enjoyment but forms part of a systematic business activity and taxable as business income under the head profits and gains from business and profession. The dividing line lies in the manner of exploitation of the property - whether the owner is merely deriving rent by virtue of ownership or commercially utilising the property as a business asset.

Why the Head of Income Matters

The distinction is not just theoretical - it directly influences the computation of taxable income. Under Income from House Property, deductions are confined to municipal taxes actually paid, a standard deduction of 30% of the annual value, and interest on borrowed capital (subject to limits). Under Profits and Gains from Business or Profession, however, all genuine eligible business-related expenses are deductible such as salaries, depreciation, repairs, financing costs, and administrative expenditure.

This flexibility in deductions makes the business head more favourable for taxpayers engaged in large-scale or continuous leasing operations. Yet, claiming business treatment demands more than preference - it must be supported by facts that demonstrate commercial intent, regularity of activity and consistency with the taxpayer's overall business objectives.

Determining the Nature of Income

Classification of lease income depends on several interrelated factors:

- Intention and Purpose of Holding - Whether the property is held as an investment to earn rent or as a business asset to be commercially exploited
- Nature of Activities - Whether the taxpayer merely collects rent or undertakes additional operations such as providing facilities, maintenance, or amenities as part of a wider commercial venture
- Organisation and Scale - Whether the activity is systematic and continuous, suggesting a business motive rather than occasional rental
- Constitutional documents and conduct - In the case of entities, whether the objects clause and subsequent behaviour align with the claim that leasing is a business activity.

These indicators must be read together — no single factor is conclusive. The inquiry is essentially factual, turning on how the property is put to use and how the income arises.

Judicial and policy perspective

Judicial thinking has progressively moved from a rigid ownership-based view to a more nuanced evaluation of commercial character. The Supreme Court, in landmark rulings has recognised that where the very business of the taxpayer is to acquire and let out properties, the resulting income assumes the character of business profits.

However, the line remains fact-driven. Not every letting, even of commercial premises, would amount to a business. The presence of active management, additional services, or value-added use of space often makes the distinction.

The Finance Act, 2024 introduced Explanation 3 to Section 28, which provides that income from letting out of a residential house or part of the house by the owner shall not be chargeable under the head 'Profits and Gains of Business or Profession' and shall be chargeable under the head 'Income from House Property'. This amendment conclusively resolves the long-standing debate in respect of unsold inventory for residential developers. The amendment, however, has a narrow application - it does not extend to commercial leasing arrangements. The legislative intent appears to be to prevent recharacterisation of passive residential rent as business income, while continuing to leave scope for commercial exploitation of property to be treated as a business activity in appropriate cases.

Therefore, income from leasing of commercial assets such as warehouses, office complexes, or industrial facilities, especially where supported by organised management or value-added services, may continue to qualify as business income, subject to facts and documentation. The principles developed through judicial interpretation prior to the amendment remain relevant for such cases.

Revenue recognition under Ind AS 115 and related tax aspects

The Indian real estate sector has seen a transformative shift in its accounting and financial reporting landscape following the adoption of Indian Accounting Standards (Ind AS). Ind AS 115, "Revenue from Contracts with Customers," has fundamentally reshaped revenue recognition for real estate developers in India. The most profound change lies in the fundamental shift from a "risk and reward" approach, prevalent under AS 18 and the previous Guidance Note, to a "control" approach under Ind AS 115. Under the new framework of Ind AS 115, entity would recognise revenue when it transfers control of the underlying goods and services to a customer.

The Over-Time vs. Point-in-Time Revenue Recognition Hurdle

The determination of whether revenue from real estate sales can be recognized over time (as construction progresses) or at a point in time (typically upon completion and handover) is the single most significant practical issue for real estate developers under Ind AS 115. Under Ind AS 115, over-time recognition (similar to project completion method i.e. POCM) is only permissible if one of three stringent criteria is met. If none of these criteria are satisfied, revenue must be recognized at a specific point in time, typically upon the delivery of the completed unit.

Impact on Income Tax

Mismatch in tax and accounting profits

Under the earlier guidance, revenue could be recognised once key construction and contractual milestones were met. This aligned well with Income-tax requirements, as ICDS-III generally follows a similar percentage-based approach to tax developers.

With the withdrawal of the earlier Guidance Note and the introduction of Ind AS 115, most real estate projects now recognise revenue at a single point in time which creates a mismatch between financial accounting and tax computation requirements.

The Income-tax Act and ICDS have not yet been revised to align with Ind AS 115. As a result, developers may still be required to compute taxable income using percentage of completion method (POCM) even though their financial statements now follow the control-based model under Ind AS. As a result, accounting income may remain low or nil in early years, even though significant taxable income arises under POCM.

This creates major timing differences that affect both financial reporting and tax computation. One key consequence is that earnings per share and reported profits become incomparable across project years, because accounting profit follows the control-based model while taxable income follows POCM. A developer would typically have low book profits in initial years but pay substantial taxes due to POCM-based recognition. In later years, the reverse may occur—high book profits but low taxable income—making trend analysis, investor communication, and financial benchmarking more complex.

The mismatch also gives rise to deferred tax assets (DTA) or deferred tax liabilities (DTL). These balances must be carefully tracked on a project-by-project basis, increasing compliance effort and scrutiny during audits.

The Finance Bill 2026 proposes to integrate the requirement of ICDS into Ind AS.

Treatment of Revenue Reversal & re-recognition

With the transition to Ind AS 115, developers reverse revenue that had previously been recognised for ongoing projects and adjust this against retained earnings. Since this reversed revenue may have already been taxed earlier under POCM, upon re-recognition in subsequent years under Ind AS, a concern on its taxability remains open. Based on the principle that the same income cannot be taxed twice, such re-recognised income should ideally not be taxed again. However, in the absence of clear guidance, this continues to be an area of uncertainty.

MAT-Related Considerations

The transition also affects Minimum Alternate Tax (MAT) computation. In earlier years, revenue recognised under POCM formed part of book profits. After shifting to Ind AS 115, reversal of such revenue directly from reserves raises questions about whether this reduction should be excluded from book profits for MAT purposes. Similarly, when the same income is recognised again later, companies may need to demonstrate that it should not be taxed again under MAT to avoid double taxation.

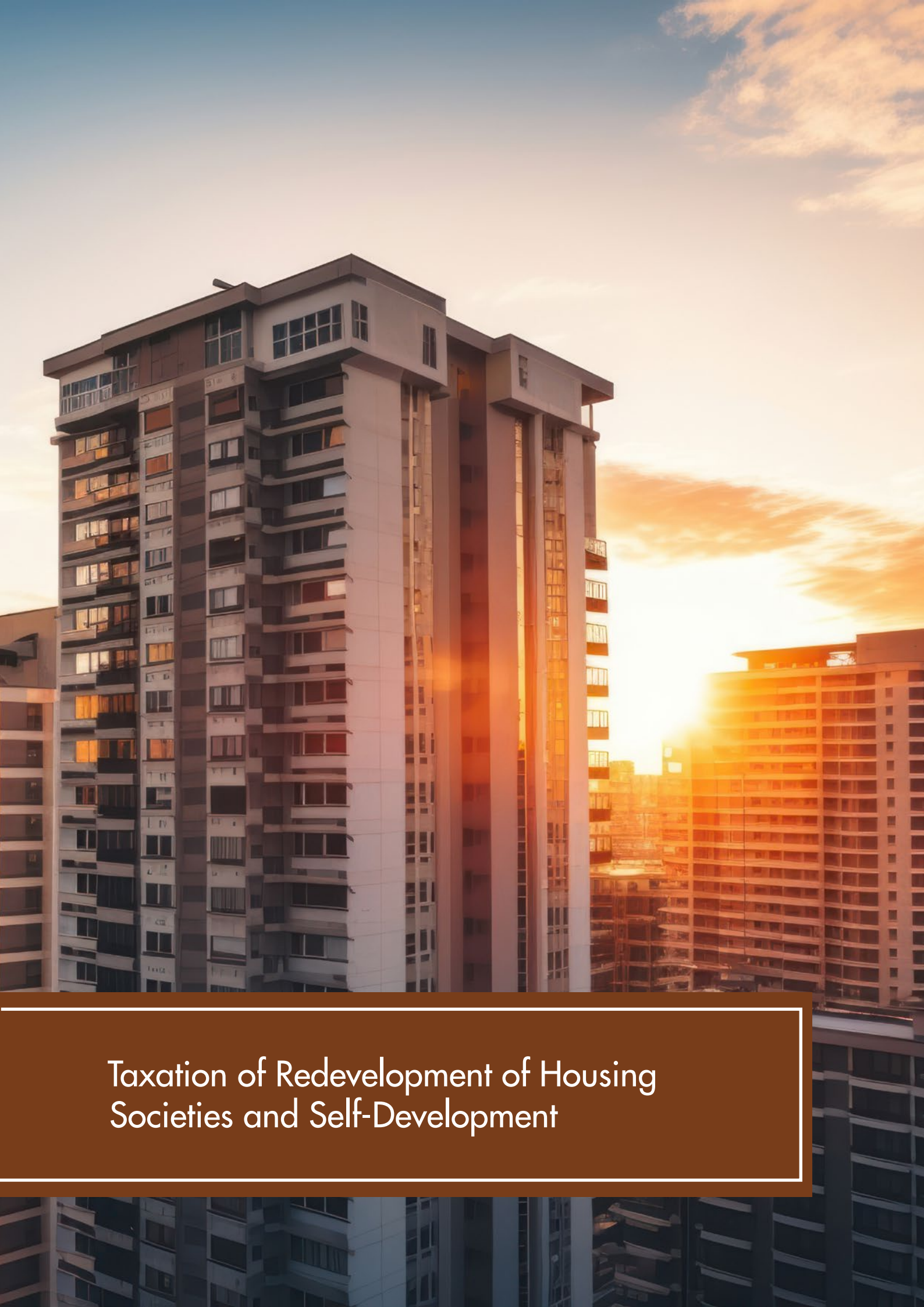
Joint Development Arrangements (JDAs)

The transition to Ind AS has also brought fundamental changes to JDA accounting due to the shift from a "risk and rewards" model to a "control" model.

Under Ind AS, in most JDAs, the arrangement is usually classified as a Joint Operation or Joint Venture under Ind AS 111 (Joint Arrangements),as the parties generally share control rather than one party having unilateral control. In certain cases, the accounting for JDAs is governed by Ind AS 110, "Consolidated Financial Statements," which establishes control as the sole basis for consolidation. This means that if a developer is deemed to control the JDA arrangement, the entire project's financial position and performance must be fully consolidated into the developer's financial statements, regardless of the legal form of the arrangement. This would often lead to mismatch in the tax and accounting records of all the parties in the JDA.

Conclusion

The shift to Ind AS 115 represents a long-term change in revenue recognition, and the tax effects extend beyond accounting adjustments. Until the tax rules are updated or formal guidance is issued, companies will need to maintain detailed reconciliations, ensure consistency in approach, and prepare to support their tax positions during assessments. A clear and well-documented framework will help avoid the risk of double taxation and provide clarity for both internal and external stakeholders.



Taxation of Redevelopment of Housing Societies and Self-Development

Overview

Redevelopment of housing societies has become a key instrument of urban renewal in Indian cities, driven by ageing buildings, limited land availability and evolving development norms. Redevelopment enables optimal utilisation of land through additional FSI or TDR, improves living standards for residents and unlocks latent real estate value.

Redevelopment typically takes one of two forms:

- **Developer-led redevelopment,** where development rights are granted to a third-party developer in exchange for reconstructed flats and other consideration; or
- **Self-development,** where the society undertakes redevelopment on its own, appointing contractors and monetising surplus units to fund the project.

Each model presents distinct tax and regulatory considerations for societies, members and other stakeholders, requiring careful evaluation.

Key Stakeholders

Redevelopment arrangements typically involve multiple parties, including the housing society or association, existing members, developers or contractors, and third-party buyers of surplus units. The tax implications vary significantly depending on who receives consideration, the nature of such consideration (cash or in-kind), and the structure adopted.

Income-tax Considerations – Key Themes

A. Housing Society

A central issue in redevelopment is whether and when the society can be regarded as having transferred any capital asset. While legal ownership of land generally continues with the society, redevelopment arrangements often involve granting development rights linked to unutilised FSI or TDR.

The taxability of such arrangements depends largely on:

- the nature and extent of rights granted to the developer,
- the timing and manner in which those rights are exercised, and
- whether effective economic control over development potential has shifted.

The year of taxability is highly fact-specific and driven by commercial substance rather than documentation alone. Importantly, the tax deferral mechanism available to individuals in certain redevelopment cases does not extend to housing societies.

Where taxability is triggered, further complexities arise around valuation, particularly where consideration is partly or wholly non-monetary (such as reconstructed flats or additional built-up area). Recent legislative changes have also altered the treatment of development rights where their cost is not otherwise determinable, significantly impacting capital gains outcomes.

B. Members of the Society

For individual members, redevelopment typically involves surrender of the old flat in exchange for a newly constructed flat, often with additional area. This exchange can give rise to capital gains implications in the hands of the members.

In addition, members may receive various forms of compensation during the redevelopment period, such as rent reimbursements or hardship allowances. The tax treatment of such receipts has seen divergent judicial views, and outcomes often depend on the nature, purpose and documentation of the payment.

Given the lack of uniformity, members need to carefully assess the character of each receipt and the resulting reporting position.

C. Self-Development Model

In a self-development scenario, the society does not grant development rights to an external developer but undertakes redevelopment through contractors. Typically, this reduces the risk of a taxable transfer of development rights at the society level.

However, tax considerations can still arise where surplus flats are sold post-construction. Depending on the facts, such sales may be viewed either as capital realisation or as a business activity, with differing tax consequences.

Goods and Services Tax

From GST perspective, the following transactions in a redevelopment of housing society are critical:

- Transfer of right to develop from the society to the developer for demolishing the existing units and constructing the new one
- Construction and allotment of newly constructed units by the developer to the existing members of the society
- Construction and sale of newly constructed units to the prospective buyers by the developer

A. Housing Society

The housing society transfers the development rights to the developer to construct the new building or structure for the existing members in exchange of transferring the DR of the land to the developer and allowing the developer to sell the constructed area, in excess of the area allotted to the existing members, to independent customers. The GST on the supply of DR is payable under reverse charge and thus the housing society is not liable to any GST on the supply of DR.

B. Developers

Development rights received from Society

The most important document entered into in a redevelopment project is the development agreement (DA) executed between the society and the developer undertaking the construction. Under the DA, the society grants the development rights to the developer permitting the developer to demolish the existing structure and construct the new one. The issues concerning taxability, valuation and time of supply for supply of DR under a JDA are equally applicable in the case of DR transferred by the society to the developer under the DA.

Apart from the dispute around classification of DR as a service or an immovable property, another aspect which merits a deeper look is whether the transfer of DR by the society qualifies as a taxable 'supply' under the GST law. As per the GST law, 'Supply' includes all forms of supply of goods or services made for a consideration in the course or furtherance of business. In a redevelopment transaction, the house owners are the owners of the residential unit and undivided share of the land which is used for residential purposes and not for any business. In context of sale of personal gold jewellery by a person, the CBIC issued a press release to clarify that sale of gold by an individual cannot be said to be in the course or furtherance of business and hence does not qualify to be a taxable 'supply'. The applicability of the press release needs to be analyzed and once it is held that the supply of DR is not a taxable supply, the question of payment of tax under RCM on the development rights by the developer becomes irrelevant.

Construction of units for existing members

In exchange of the transfer of development rights in favour of the developer, the developer agrees to construct, usually free of cost, residential units for the existing members. This transaction can be considered as a barter, where the developer is providing construction services to the existing members in consideration of the development rights received. The question of levy of GST on supply of construction services by the developer is often the bone of contention with the GST department as it was under the erstwhile service tax regime as well.

The cost of construction for the area allotted to the existing members forms part of the total cost incurred by the developer for constructing the area to be sold to buyers in the market and is generally recovered from the buyers on which GST is paid by the developer. The Hyderabad Bench of the Tribunal[4], dealing with demand of service tax on construction service for the existing members under redevelopment project, held that demanding service tax on the rehab portion will result in double taxation as the cost of construction of premises for the existing tenants is included in the price that is charged for the sale component on which

4. Vasantha Green Projects v. CCT, Rangareddy 2018 (5) TMI 889 – CESTAT, Hyderabad

service tax is paid. The appeal of the Tax Department against this decision is pending before the Supreme Court. As there is no change in the mechanics of a redevelopment transactions as well as the taxability provisions under GST as well as the service tax regime, there is possibility of contending that the construction service provided by the developer to existing members of a society is not liable to GST.

The GST liability on the units allotted to the existing members can often have a substantial impact on the feasibility or the profitability of a project.

C. Self-Development Model

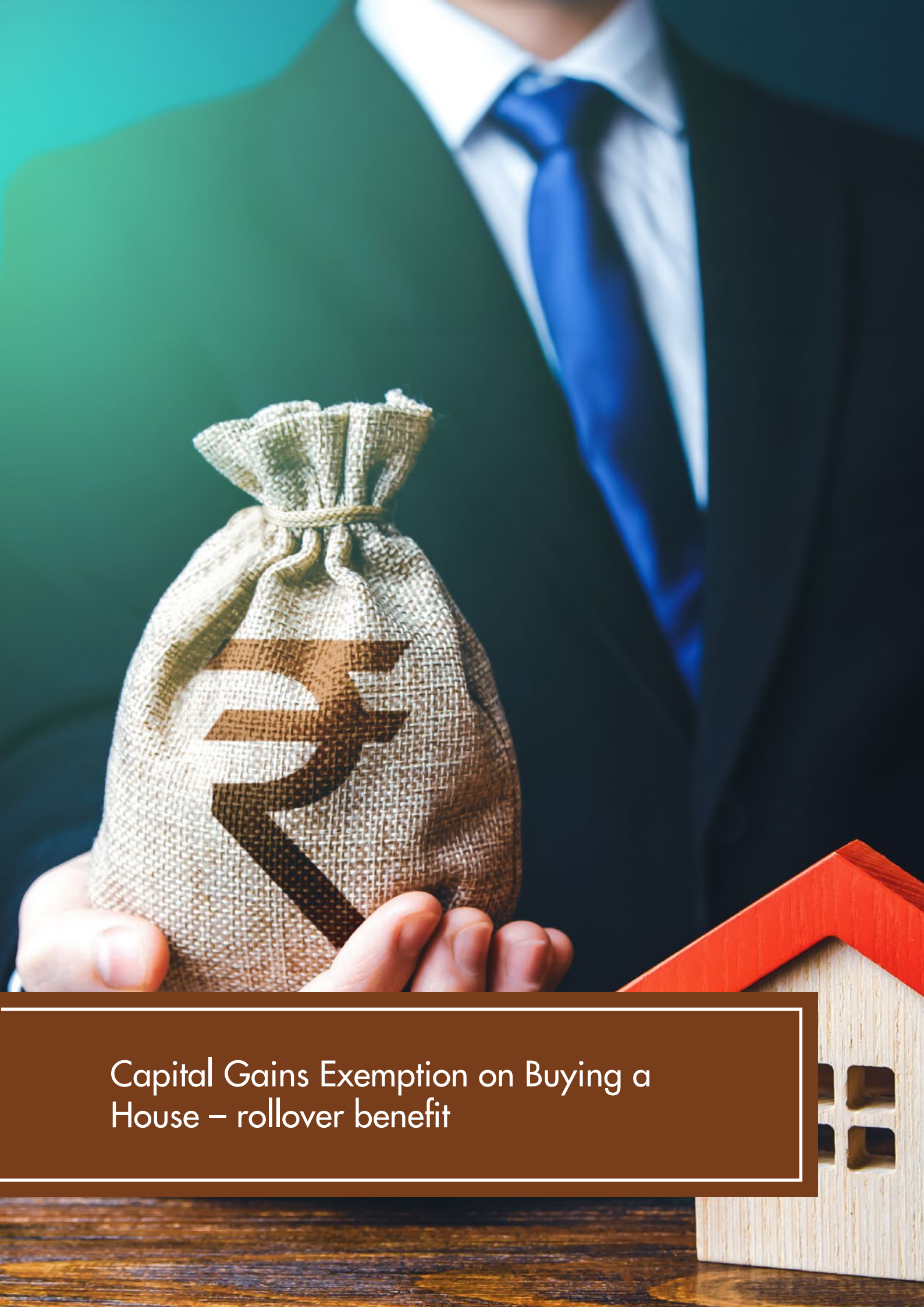
Under the self-development model, the developer will be appointed in the capacity of a contractor providing works contract services to the society. Although there is no DR being transferred and the conundrum surrounding the taxability of supply of DR is avoided, the society will be required to bear the burden of the cost of construction along with the GST charged by the contractor which is not creditable.

Other Considerations

Redevelopment arrangements may also trigger withholding tax obligations on certain payments and require evaluation of available capital gains exemptions at the member level. Compliance and documentation play a critical role in managing exposure.

Closing Remarks

Redevelopment of housing societies involves multiple tax touchpoints across stakeholders, with outcomes heavily influenced by structure, documentation and factual nuances. There is no one-size-fits-all position. Early-stage evaluation, clear articulation of commercial intent and careful alignment of legal and tax positions are essential to mitigate disputes and ensure tax efficiency.



Capital Gains Exemption on Buying a House – rollover benefit

The Income-tax Act provides a rollover benefit to encourage reinvestment of long-term capital gains into residential housing under section 54 and section 54F. Broadly, when capital gains or sale consideration arising from the transfer of a long-term asset are reinvested in the purchase or construction of a residential house property, the tax impact on such gains can be reduced or deferred.

With effect from 1 April 2023, the rollover benefit in respect of investment in residential house property is subject to a monetary cap of ₹10 crore. However, certain interpretational issues remain open, such as :

- whether this cap applies on an aggregate basis or separately to different transactions,
- whether it is assessee-specific or property-specific in cases of co-ownership,
- whether it operates as a one-time ceiling linked to a particular house or depends on the timing of payments.

Common practical issues

In real-life transactions, several practical questions arise while claiming this rollover benefit. These do not lend themselves to uniform answers and must be evaluated based on facts, surrounding circumstances, and documentation. Common issues include:

- whether date of allotment to be considered or date of possession
- whether multiple flats or units acquired and used as a single residence can be regarded as one house
- how delays in possession, registration, or project completion affect the claim,
- whether expenditure on fittings, interiors, or subsequent improvements can be considered part of the investment
- whether the benefit can be claimed with reference to a value adopted by the tax authorities instead of actual consideration received
- whether acquisitions made through family or trust structures are eligible for relief.

Each of these aspects requires a careful examination of intent, timing, contractual terms, and supporting evidence.

Conclusion

The rollover benefit for reinvestment of capital gains into residential housing offers meaningful tax relief. While the underlying concept is straightforward, its application in real-world situations is often nuanced and fact-dependent. Professional guidance is often advisable to ensure the benefit is claimed in a correct and defensible manner.

Taxability of Transferable Development Rights (TDR) under GST

Background

Land, an immovable property, entails a co-bundle of rights, interests, and obligations recognized under the law. These rights define what an owner or holder can do with the land, what benefits can be derived, and what restrictions apply.

Development right is one of the rights attached to the land which entitles the owner of the land to develop the land within the four corners of related laws and regulations. TDR is a compensation in the form of Development Rights Certificate (DRC) issued by the Municipal Authority when the landowner surrenders whole or part of the land for public purposes such as roads, parks, schools, or heritage conservation. DRCs are tradable in the market, for a valuable consideration.

Issues surrounding taxability

The tax treatment of DR under the GST law in India has been a complex and highly debated issue. At the heart of the discussion is whether the transfer of DR including TDR should be treated as a taxable supply of service or whether it falls outside GST because it amounts to immovable property. The tax authorities have argued that when a landowner gives DR to a developer in exchange for constructed property or other consideration, it amounts to a supply of service and should attract GST. The tax authorities have often issued demand notices treating such transfers as taxable, leading to significant litigation.

Several High Courts have weighed in with differing views. Some courts have ruled that merely appointing a developer to construct on land under a development agreement, where no formal TDR or FSI certificate is sold or transferred does not attract GST because it does not involve a taxable transfer of DR as defined under planning regulations. Other Courts have taken the opposite view, holding that development rights transferred in a JDA constitute a service and is taxable under the RCM.

In another instance, the Gujarat High Court[5] has held that assignment by sale and transfer of leasehold rights of the plot of land allotted by GIDC to the lessee in favour of third party-assignee for a consideration shall be assignment / sale / transfer of benefits arising out of "immovable property", and not liable for GST. The judgment can have an impact on the transactions of supply of DR.

The liability to pay GST under RCM on TDR is an open issue. Interestingly the 54th meeting of the GST Council took note of the status update of GoM on boosting real estate sector under GST regime. The Terms of Reference (ToR) of the GOM interalia included examining various aspects of levy of GST on TDR and Development Rights in a JDA.

Taxability of TDR has been a litigious topic, under the erstwhile service tax laws as well with its fate hanging before the Supreme Court.

Person liable to discharge tax

Apart from taxability, the person who liable to discharge tax on the supply of TDR is often a point for dicussion. The liability for payment of GST under RCM triggers when TDR is supplied to a 'Promoter' for construction of a project. However, the person supplying the TDR may not always be aware of the purpose of the person buying the TDR. It is possible that the purchaser may simply trade the TDR to another promoter. In this case, whether the original transfer of TDR to the first buyer who has not used it in construction can be said to be covered under the scope of the reverse charge notification. If the transaction is not covered under RCM, then the liability may arise under forward charge and if the same is not paid proactively, the department may recover the same along with interest and penalty.

Time and Value of Supply

Yet another facet of TDR is valuing it for payment of GST. Equally, timing for payment of GST on TDR is another poser. In situations where TDR was obtained in the pre-GST regime, the controversy deepens.

5. Gujarat Chamber of Commerce and Industry v. Union of India [2025 (94) GSTL 113 (Guj)

Conclusion

Applicability of GST on TDR remains a grey area, with significant legal complexity. With the construction sector being deprived of the ITC benefit for new projects launched after 01 April 2019, the GST paid on TDR become a direct cost to the project and impacts the profitability.

It is crucial to analyze each transaction involving TDR and decide on its taxability, the person who is liable to discharge the tax and valuation.

ITC on goods and services used in construction of immovable property

Relevant Statutory Framework

Under the GST law, ITC of goods and services used in the course or furtherance of business is allowed, which has widened the scope for eligibility of ITC as compared to the earlier regimes of service tax and central excise. However, section 17(5)(c) and (d) of the CGST Act provide for disallowance of ITC in respect goods and services used for the construction of immovable property.

Landmark judgment of the Supreme Court

The Supreme Court[6], in a landmark judgment, held that input tax credit (ITC) is a statutory benefit and not a fundamental right, and that the legislature can reasonably restrict this benefit by specifying exclusions under Section 17. The Supreme Court examined whether ITC could be claimed on immovable property (a mall) built for leasing and ruled on following two parameters:

- It clarified that the term "plant or machinery" in Section 17(5)(d) is different from the defined term "plant and machinery," and that a building or structure can only qualify as "plant" if, under the "functionality test," it serves a specific operational purpose beyond mere shelter.
- The Court also explained that Section 17(5)(d) disallows ITC on goods or services used to construct immovable property for one's "own account," but construction is not considered "own account" when the property is intended for sale, lease, or license.

Retrospective amendment in law

To neutralize the impact of the judgment including for the past period, in the Finance Act 2025, the Government introduced a retrospective amendment in Section 17(5)(d) by way of an explanation clarifying that any reference to "plant or machinery" must always be read as "plant and machinery," notwithstanding any judicial rulings, calling it a drafting inconsistency. The Explanation directly counters the impact of the judgment of the Supreme Court. Although the amendment is now notified, it possibly may be challenged before Courts. Post this amendment the availability of exception by application of functionality test is neutralized. The matter hinges on the functionality test for the past period contrary to the amendment's allowances.

Key takeaways

The important observation of the Supreme Court regarding leasing of immovable property does not constitute 'on his own account' opens up possibilities for availing ITC for developers. Analysis of facts of each case to identify the use of the constructed structure in one's business to establish the fact that constructed property is not used for personal use such as factory building, but the immovable property is integral to provide the intended supply is important.

This opens up the possibility of availment of ITC of goods and services used for construction of structures which are intended to be leased out to the customers and not being constructed for self-use. Generally, malls, commercial office parks, etc. are constructed with the intent of leasing the individual units to customers for a specified period. There may be situations where a portion of the premises may be used by the developer for his own office purposes. The law on these aspects is emerging and so taxpayers will have to tread cautiously in such situations.

Construction costs are the biggest expenditure while building a mall or commercial space. The availability of ITC on the goods and services used for such construction can be a game-changer for any project and have a direct and positive impact of the viability of any project.

6. Chief Commissioner of CGST & Ors v. Safari Retreats Private Limited (TS-622-SC-2024-GST)

GST on sale of under-construction property on 'as is where is' basis

Construction sector is one of the critical segments of any economy including India; it is an important driver of economic growth and employment. Lately, there have been numerous incidents where the projects are launched but, have not reached their completion stage. Such projects either go into liquidation under the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC Law) due to proceedings initiated by the lenders of the project or are taken over by another entity for completion. The implications under the GST Law on such arrangements are novel and without much judicial precedent.

Historically, levy of indirect taxes on activity of construction of residential or commercial complexes by developers has been highly contentious and has seen significant litigation and legislative changes. Under the service tax laws, the taxability of services of construction of residential and commercial units by developers was brought into effect by way of a deeming fiction in the definition of taxable services then prevailing. The position has continued under the GST law as well.

Legal Jurisprudence

It is judicially settled that the factum of supply of construction service would be initiated only once the agreement is entered into between the supplier and the recipient; hence, the levy is premised on an agreement for construction services. There should be a supply of service of construction from one person to another. A sale simplicitor of immovable property (not goods, not services), with no contract for construction to be undertaken, will not be covered under the ambit of GST. Notably, the activity of sale of land or building is covered under Schedule III of the CGST Act, to be classified as neither supply of goods nor service.

Recently, the Karnataka High Court delivered a ruling, which clarifies that when the sale of building is on 'as is where is' basis with no further obligations cast on the Liquidator for constructing the building, there is no consensus ad idem for rendering any construction services. This judgment has laid down an important principle, in consonance with the principles laid down by Courts under the VAT and service tax regime. The judgment clears the mist on applicability of GST on under construction projects acquired in insolvency proceedings.

However, the judgment does not discuss the stage of completion of the under-construction building, at the time of liquidation to enable universal application. The judgment as well does not delve into the criteria to qualify an under-construction property as an immovable property and thus fall outside of the GST net. In absence of the clarities, each transaction and connected documents need to be analysed to ascertain if the acquisition of an under-construction project can be classified as an immovable or not. The treatment of income on such sale under the Income tax Act also needs to be taken into consideration before arriving at any conclusion.

7. Rohan Corporation India Private Limited v. Union of India and Others TS-924-HC(KAR)-2024

Burning issues related to Indirect Taxation

GST on assignment of leasehold rights

The applicability of GST on various land-related rights has been a subject of ongoing debate, leading to uncertainty for businesses, developers, and policymakers. While the GST framework seeks to tax the supply of goods and services, transactions involving land and immovable property present unique challenges due to their distinct legal nature.

It's a common phenomenon to have companies set up their units on the leasehold land provided by the State Industrial Development Corporation (SIDC) for 99 years or above such as Maharashtra Industrial Development Corporation (MIDC) and Gujarat Industrial Development Corporation (GIDC).

In case, such companies do not want to continue their operations on those lands, they sell these right to third party for remaining lease life of land, which is called 'leasehold rights'. For getting such rights over the land, these entities have to pay lease charges to the transferor. Taxability under GST for such transfer of leasehold rights land is burning topic as of now.

Legal Jurisprudence

The Gujarat High Court in its judgment held that the assignment of leasehold rights constitutes a transfer of immovable property, falling outside the purview of GST. The decision which provides a ray of hope on the applicability of GST is under challenge before the Supreme Court. Writ petitions have been filed on this issue of GST on supply of leasehold rights before the Bombay High Court wherein the Court has stayed the demand raised by the Tax Department.

Another contradiction lies in the taxability of benefits arising out of land. The Telangana High Court1 held that the transfer of development rights does not qualify as sale of land, and is, therefore, taxable.

Interestingly, the CBIC has clarified that tenancy rights are subject to GST. Since this Circular is valid, it creates an apparent contradiction in the treatment of benefits arising out land.

Another aspect of this matter is taxability of building constructed on leasehold land, and for which typically, a lumpsum consideration is charged i.e. for land and building. How the transfer of such building must count is not yet addressed although undeniably transfer of building is outside of pale of taxation (Schedule III).

Conclusion

As the GST Law evolves, this issue will need judicial clarification from the Apex Court on whether the assignment of leasehold rights could be treated as a surrender to the lessor rather than a sale to a third party, possibly changing the nature of the supply and making it subject to GST. This issue deserves attention from lawmakers, administrator and Courts, to quell the disquiet on this topic.

GST implications on charges levied by local authority

Taxability of charges paid to local authorities

The Local Authorities grant statutory permission / approvals for the construction of real estate projects like residential towers, commercial complexes like shopping malls, hotels, schools, hospitals etc., and levy / charge certain fees according to the prevailing laws under the respective State Municipal Corporations or Development Control and Promotion Regulations.

Typically, a local authority levies various fees / charges for various real estate projects such as scrutiny fees, development charges, development cess, podium premium & stilt premium, etc. Services supplied by the Central Government, State Government, Union territory or Local Authority to a business entity is subject to tax under RCM, in the hands of business entity located in taxable territory.

The Government has notified that the activities or transactions by way of any activity in relation to a function entrusted to a Municipality under article 243W of the Constitution undertaken by Central Government or State Government or any local authority, engaged as public authority, shall be treated as neither a supply of goods nor a supply of service.

The GST department is issuing notices to developers demanding GST under reverse charge on the amounts paid to local authorities. Interestingly, during the 55th GST Council meeting held in 2024, the issue of whether charges collected by municipalities for granting FSI including additional FSI, should be taxable under RCM was brought up. This matter was deferred for further examination on the behest of the Central Government on the ground that this amount relates to Municipalities or local authority. The decision of the Council on FSI can be equally applied to other charges collected by local authorities unless FSI is clarified to be in the nature of immovable property.

Navigating India's Exchange Control Framework for Real Estate Investments

India's foreign direct investment (FDI) policy in real estate is aimed at encouraging genuine infrastructure development, such as housing, commercial projects and urban infrastructure, while discouraging speculative trading in land. In line with this objective, up to 100% FDI is permitted under the automatic route for most construction and development activities, REITs, real estate related services etc, subject to compliance with prescribed sectoral conditions.

At the same time, the FDI framework clearly restricts activities that are considered speculative in nature such as trading in immovable property / Transferable Development Rights, agricultural land, constructing farmhouses etc.

FDI in construction-development projects is subject to certain safeguards. The Indian investee company is responsible for obtaining all statutory approvals and complying with state and local laws relating to land use, building norms and infrastructure development. Sale of plots is permitted only after basic infrastructure such as roads, water supply and drainage facilities are in place. Foreign investors are permitted to exit and repatriate their investment upon completion of the project, after a lock-in period of three years for each investment tranche, or by transferring their stake to another foreign investor, even during the lock-in period or prior to project completion. A specific relaxation is available for NRIs and OCIs, who are not subject to any lock-in restrictions for investments in sectors such as hotels, hospitals, tourist resorts, educational institutions, old age homes and SEZs.

Debt Funding Through the FPI Route

Apart from equity, Indian companies can also raise foreign capital in the form of debt from Foreign Portfolio Investors (FPIs), primarily through issuance of corporate bonds. Such investments can be undertaken either under the regular FPI route or the Voluntary Retention Route (VRR). Under the regular route, FPI investments are subject to RBI-prescribed limits, including concentration norms, minimum maturity requirements and the requirement that bonds issued to FPIs are held by at least two FPIs. In contrast, the VRR offers significantly greater flexibility, as it does not require a minimum number of FPI investors and is also exempt from concentration limits and minimum maturity norms. However, under VRR route, the FPI investor is required to retain a specified portfolio size in India for a minimum period of three years. This makes the VRR particularly attractive for long-term debt investors seeking regulatory certainty and flexibility.

India's exchange control framework for real estate and allied funding avenues offers significant flexibility to foreign investors, whether through equity participation, structured exits or debt funding via FPIs. At the same time, the regulatory regime is carefully calibrated to discourage speculation and ensure that foreign capital is channelled towards long-term, productive development.

Stamp Duty – A Critical Cost in Real Estate Deals

Stamp duty is a statutory levy on instruments that create, transfer or record rights in immovable property, such as sale deeds, lease deeds, development agreements, as well as court or NCLT orders approving mergers, demergers or other restructurings. In addition to stamp duty, state-specific registration fees may also apply. Improper or insufficient stamping can render documents inadmissible as evidence in courts, potentially jeopardising title and leading to prolonged litigation.

Even NCLT-approved transactions can attract stamp duty, often at concessional rates depending on the state, with certain states like Maharashtra providing specific relief in cases such as mergers of wholly owned subsidiaries. With the increasing use of fast-track mergers, it has become important to evaluate whether state stamp laws extend similar benefits beyond NCLT-approved schemes.

Stamp duty rates vary across states and differ based on whether the transfer is effected through a conveyance deed or pursuant to an NCLT order.

RERA

The **Real Estate (Regulation and Development) Act, 2016 (RERA)** was enacted to safeguard homebuyers' interests and to introduce transparency, accountability, and discipline in the real estate sector. It applies to specified

real estate projects—generally those exceeding **500 sq. meters or eight apartments**—and requires promoters to make detailed public disclosures relating to approvals, layouts, timelines, and credentials, thereby enabling buyers to take informed decisions. Being a **sale-centric legislation,** RERA does not ordinarily apply to **pure self-redevelopment by housing societies** undertaken solely for existing members, or to projects constructed **exclusively for leasing or self-use,** provided there is no sale, marketing, or allotment to third parties.

RERA also plays a pivotal role in regulating developer conduct by enforcing financial discipline and ensuring timely project completion. A key safeguard is the requirement that **70% of buyer collections be deposited in a dedicated escrow account** and utilised only for the concerned project. Developers are bound by declared completion timelines, with delays attracting statutory interest payable to buyers. RERA has transformed the real estate landscape from being developer-driven to buyer-centric, enhancing trust and long-term sustainability in the housing market.

Overall, RERA has shifted the real estate ecosystem from being developer-driven to buyer-centric, improving trust, accountability, and long-term sustainability in the housing market.

Closing Thoughts

Real estate investments in India offer significant opportunity, but they sit at the intersection of FDI policy, exchange control, tax, stamp duty and RERA regulations. A holistic evaluation, before capital is deployed or restructured, is essential to avoid costly surprises and to unlock long-term value.

About Dhruva Advisors

Dhruva Advisors India Pvt. Ltd., a Ryan LLC affiliate, is a leading tax and regulatory advisory firm delivering high-impact solutions across India and key global markets. In a rapidly evolving tax environment, we help clients navigate complexity with clear, practical, and insight-driven guidance.

Founded in 2014, Dhruva has grown into one of India's most respected tax firms, operating from 12 offices across India and international locations in Dubai, Abu Dhabi, Saudi Arabia, and Singapore. Our leadership team includes 24 Partners, 8 Senior Advisors, 15 Associate Partners, and 50 Principals, supported by nearly 500 professionals with deep technical expertise and a strong commitment to client outcomes.

Dhruva Advisors has been consistently recognized by International Tax Review, earning the 'India Tax Firm of the Year' award for five consecutive years (2017–2021) and maintaining a 'Tier 1' ranking through 2026. These accolades reflect our focus on accountability, innovation, and a client-first mindset.

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www.dhruvaadvisors.com

Follow us on:

Our Offices

Mumbai
Dhruva Advisors India Pvt. Ltd.
1101, One World Center,
11th Floor, Tower 2B,
Senapati Bapat Marg
Elphinstone Road (West),
Mumbai - 400013
Maharashtra, India
Tel:+91 22 6108 1000/1900

Ahmedabad
Dhruva Advisors India Pvt. Ltd.
402, 4th Floor, Venus Atlantis,
100 Feet Road, Prahladnagar,
Ahmedabad - 380 015, India
Tel: +91 79 6134 3434

Bengaluru
Dhruva Advisors India Pvt. Ltd.
67/1B, Lavelle Road 4th Cross
Bengaluru Karnataka - 560001
India

Delhi/NCR
Dhruva Advisors India Pvt. Ltd.
305-307, Emaar Capital
Tower - 1, MG Road,
Sector 26, Gurugram
Haryana - 122 002, India
Tel: +91 124 668 7000

New Delhi
Dhruva Advisors India Pvt. Ltd.
1007-1008, 10th Floor
Kailash Building,
KG Marg, Connaught Place
New Delhi - 110001, India
Tel: +91 11 4295 3180

Gift City
Dhruva Advisors IFSC LLP
510, 5th Floor, Pragya II, Zone-1,
GIFT SEZ GIFT City,
Gandhinagar - 382050,
Gujarat.
Tel: +91 78785 77277

Kolkata
Dhruva Advisors India Pvt. Ltd.
4th Floor, Camac Square,
Unit No 403 & 404B, Camac St
Kolkata - 700016, West Bengal
India
Tel: +91 33 6637 1000

Pune
Dhruva Advisors India Pvt. Ltd.
406, 4th Floor, Godrej Millennium
Koregaon Park, Pune - 411001
Maharashtra, India
Tel: +91 20 6730 1000

Abu Dhabi
Dhruva Consultants
1905 Addax Tower, City of Lights,
Al Reem Island
Abu Dhabi, UAE
Tel: +971 2 678 0054

Dubai
Dhruva Consultants
Emaar Square, Building 4,
2nd Floor, Office 207
Downtown, Dubai, UAE
Tel: +971 4 240 8477

Saudi Arabia
Dhruva Consultants
308, 7775 King Fahd Rd,
Al Olaya, 2970
Riyadh 12212
Saudi Arabia

Singapore
Dhruva Advisors Pte. Ltd.
#16-04, 20 Collyer Quay,
Singapore - 049319
Tel: +65 9144 6415

Key Contacts

MUMBAI
Dinesh Kanabar
Chairman & CEO
dinesh.kanabar@dhruvaadvisors.com

Mehul Bheda
Partner
mehul.bheda@dhruvaadvisors.com

Punit Shah
Partner
punit.shah@dhruvaadvisors.com

Sandeep Bhalla
Partner
sandeep.bhalla@dhruvaadvisors.com

AHMEDABAD/GIFT CITY
Mehul Bheda
Partner
mehul.bheda@dhruvaadvisors.com

DELHI/NCR
Vaibhav Gupta
Partner
vaibhav.gupta@dhruvaadvisors.com

PUNE
Sandeep Bhalla
Partner
sandeep.bhalla@dhruvaadvisors.com

BENGALURU/ KOLKATA
Aditya Hans
Partner
aditya.hans@dhruvaadvisors.com

MIDDLE EAST
Nimish Goel
Leader, Middle East
nimish.goel@dhruvaadvisors.com

SINGAPORE
Dilpreet Singh Obhan
Partner
dilpreet.singh@dhruvaadvisors.com