

The State of Karnataka & Anr. v. Taghar Vasudeva Ambrish & Anr.

Case number: Civil Appeal Nos. 7846 and 7847 of 2023

Citation: 2025 INSC 1505; [2025] 12 S.C.R. 366 **Decision date:** 2025-12-04

Historical residential-dwelling rent exemption for long-stay hostel use through an intermediary lessee

Court: Supreme Court

Bench: J.B. Pardiwala and K.V. Viswanathan, JJ.; judgment by J.B. Pardiwala, J.

Decision stage: Final common judgment dismissing both Revenue appeals

01 Facts

Taghar Vasudeva Ambrish co-owned a residential property in Bengaluru consisting of 42 rooms in a four-storeyed building with terrace and common area. The co-owners leased it in June 2019 to DTwelve Spaces Private Limited, which sub-leased accommodation to students and working professionals for long-term residential stays measured in months. The landlord sought an advance ruling on exemption for the rent received from the company under Entry 13 of Notification No. 9/2017-Integrated Tax (Rate). The AAR ruling dated 23 March 2020 denied the benefit; the AAAR affirmed on 31 August 2020, reasoning in part that the company itself was not using the premises as its residence and that hostel accommodation was not a residential dwelling in the relevant sense. The Karnataka High Court allowed Writ Petition No. 14891 of 2020 on 7 February 2022 and set aside the AAAR decision. Two Revenue appeals followed. The question was whether the landlord-to-company renting qualified under the historical entry where the property was ultimately occupied residentially by student and working occupants. Counsel described the disputed rental period as June 2019 to June 2022; paragraph 50 identifies the relevant period as 2019-2022.

Pinpoint: Judgment paragraphs 1-14, 28-35 and 50; official SCR PDF pages 5-8, 13-14 and 19 (reported pages 370-373, 378-379 and 384).

02 Court Discussion

The Court separated the nature of the premises from the purpose for which they were rented. Since residential dwelling was not defined in GST law, it considered ordinary meaning, the earlier service-tax Education Guide and decisions concerning residential accommodation. Long-term residential accommodation could qualify; the Khatha extract, layout plans and municipal records also showed this property as residential. The Court therefore held this particular property to be a residential dwelling. It then found the use condition satisfied: the company facilitated hostel accommodation and the students or working occupants were sub-lessees using the property as their residence. The historical entry did not additionally require the immediate lessee itself to live there; importing that requirement would add words and defeat the exemption's residential-use purpose. The Court treated the entry as activity-specific, in contrast to exemptions expressly dependent on the provider's or recipient's identity. It applied the distinction between strict threshold examination of exemption conditions and fuller, liberal effect once those conditions are met; it did not dispense with the need to satisfy the conditions. The Court also addressed the legislative changes expressly. From 18 July 2022 the entry excluded a dwelling rented to a registered person, so this respondent's registered-lessee arrangement no longer qualified under that entry. Revenue could not retrospectively apply that amendment to the earlier period. The later explanation

effective 1 January 2023 addresses a proprietor renting personally for his own residence and on his own account; it is not a general exemption for every registered company or commercial hostel operator.

Pinpoint: Judgment paragraphs 35-57 and 61-68; official SCR PDF pages 14-22 and 23-24 (reported pages 379-387 and 388-389). Residential character: paragraphs 45-47, PDF page 18. Lessee/sub-lessee issue: paragraphs 49-53, pages 19-20. Threshold interpretation: paragraphs 54-57, pages 20-22. Amendments: paragraphs 65-68, page 24.

03 Decision

The Supreme Court declined to interfere with the Karnataka High Court judgment and dismissed both civil appeals. Pending applications, if any, were disposed of. The High Court's setting aside of the adverse AAAR ruling therefore remained undisturbed for the historical dispute. The Supreme Court did not remand the matter or issue a quantified refund direction. Its reasons expressly state that the registered-lessee arrangement ceased to enjoy this Entry 13 exemption from 18 July 2022, so the dismissal cannot be treated as a prospective exemption for the same arrangement after that change.

Pinpoint: Judgment paragraphs 69-70, official SCR PDF page 25 (reported page 390); underlying High Court relief in paragraph 2, page 5; express historical limit in paragraphs 50 and 65-66, pages 19 and 24.

04 In Favour Of

Taghar Vasudeva Ambrish / landlord for the historical pre-18 July 2022 exemption; no continuing exemption for this registered-lessee arrangement under Entry 13

In favour of Taghar Vasudeva Ambrish / the landlord for the pre-amendment residential-renting dispute: both Revenue appeals were dismissed. This is final merits relief on the historical exemption, not blanket GST immunity for all hostel accommodation or all future rents. The Court expressly recognised that this landlord's renting to a registered person did not qualify under Entry 13 from 18 July 2022.

Pinpoint: Judgment paragraphs 47, 49-50, 65-66 and 69-70; official SCR PDF pages 18-19 and 24-25.

05 AKHB REVIEW POINT

AKHB REVIEW POINT: Separate the invoice periods before and from 18 July 2022 before relying on this judgment. For the earlier regime, document both the premises' residential character and the actual agreed residential use: municipal classification, plans, lease/sub-lease terms and evidence of genuine long-term occupation all matter. An intermediary lessee did not by itself defeat this historical exemption, but the property and use conditions still had to be proved. Do not turn the decision into a rule that every hostel, hotel, serviced apartment or short-stay arrangement is exempt. For later periods, check recipient registration, the current notification wording and the correct charging or reverse-charge provisions independently; the 2023 personal-residence explanation applies to the identified proprietor acting personally and on his own account. A corporate aggregator does not obtain that exception merely because its customers reside in the building. Any refund or response to an assessment also requires separate examination of limitation, evidence and procedural requirements: neither a refund amount nor an automatic reopening of closed assessments was ordered. The Court's exemption analysis cannot be used as a substitute for reviewing other later accommodation-service exemptions and their distinct conditions.

Pinpoint: AKHB analysis based on judgment paragraphs 35-57 and 61-70; official SCR PDF pages 14-25. Later notification text independently checked in Notification No. 04/2022-IT(R), table amendment (A)(b) and paragraph 2, and Notification No. 15/2022-IT(R), clause (i) and paragraph 2.

Sources and limitations

Relevant provisions

Entry 13 of Notification No. 9/2017-Integrated Tax (Rate) dated 28 June 2017, in its pre-18 July 2022 form

Notification No. 04/2022-Integrated Tax (Rate) dated 13 July 2022: exclusion for residential dwellings rented to a registered person, effective 18 July 2022

Notification No. 15/2022-Integrated Tax (Rate) dated 30 December 2022: limited proprietorship/personal-residence explanation, effective 1 January 2023

Principles of interpreting tax exemptions, including threshold eligibility and beneficial purpose, as applied in paragraphs 54-64

Statutory note

The judgment's operative exemption analysis concerns the pre-18 July 2022 wording of Entry 13 and the 2019-2022 dispute. Its own paragraphs 65-68 address the later changes. A bounded independent official-source check confirms that Notification No. 04/2022-Integrated Tax (Rate), dated 13 July 2022, inserted the registered-person exclusion with effect from 18 July 2022: <https://cbic-gst.gov.in/pdf/integrated-tax-rate/04-2022-itr-eng.pdf>. Notification No. 15/2022-Integrated Tax (Rate), dated 30 December 2022, added the explanation effective 1 January 2023 for a proprietor renting in a personal capacity for his own residence and on his own account, not the concern's: https://cbic-gst.gov.in/pdf/integrated-tax-rate/15_2022-itr-eng.pdf. These two checks do not establish every later amendment, rate, reverse-charge consequence or independent hostel/accommodation exemption through 12 October 2026.

Treatment note

Official SCR judgment and the two specified amending notifications checked on 12 October 2026. The official SCR citation is 2025 INSC 1505; a different citation appearing in secondary references has not been substituted for it. No comprehensive subsequent judicial-treatment or review/clarification docket search has been completed. Later-period exemption eligibility requires its own current-law analysis. This AI-assisted AKHB research note is based on identified primary material; it is not evidence of human legal review and is not a substitute for professional advice on a particular case.

Scope of source review

Complete 25-page official SCR PDF read, including reporter material on PDF pages 1-4 and the full judgment paragraphs 1-70 on PDF pages 5-25. The reporter cover verifies 4 December 2025, 2025 INSC 1505, [2025] 12 S.C.R. 366 and the bench; the case-arising section on PDF page 4 identifies both civil appeals. The judgment begins on PDF page 5 under J.B. Pardiwala, J. Substantive analysis uses the judgment body, not the reporter headnote. Reported page numbers run 366-390 and differ from PDF page numbers. The generated official SCR URL may expire; the source hash identifies the exact reviewed bytes.

Primary source

Source description: Supreme Court of India official SCR rendition of the judgment dated 4 December 2025

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Judges: J.B. Pardiwala; K.V. Viswanathan

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