



### **ANALYSIS OF THE SUPREME COURT'S JUDGEMENT ON M/S ELEGANT DEVELOPERS CASE**

**CASE NO.: CIVIL APPEAL NO(S). 11744 – 11745 OF 2025**

**TOPIC: SALE OF LAND IS NOT A SERVICE**

#### **Background**

Elegant Developers, a Prayagraj-based partnership firm, entered into a series of agreements with Sahara India Commercial Corporation Ltd. (SICCL) between 2002 and 2005. Their role involved identifying suitable land parcels, negotiating with individual landowners, completing documentation, and transferring the land directly to SICCL through registered sale deeds. The firm bought land in its own name, bore the entire financial risk, and earned only the margin between its purchase and sale price.

Years later, the Directorate General of Central Excise Intelligence issued a show cause notice alleging that Elegant Developers had rendered “real estate agent services” under the Finance Act, 1994. A service-tax demand of more than ₹10 crore was raised, along with interest and penalty. While the Commissioner confirmed the demand, the CESTAT set it aside.

The Revenue challenged this before the Supreme Court.

#### **Brief Facts**

The respondent, a partnership firm engaged in buying, selling, and developing land, entered into three similar MoUs with Sahara India Commercial Corporation Ltd. between 2002 and 2005 for acquiring and managing land parcels for Sahara City Homes projects in Rajasthan, Gujarat, and Haryana. The respondent was required to use SICCL's advance funds to purchase land, pay landowners, and register the properties directly in SICCL's name. It earned a profit or loss based on the difference between the actual purchase cost and a fixed average rate. To ensure proper performance, SICCL could withhold 50% of the respondent's margin, which could be forfeited in case of serious default.

#### **Issue**

The Supreme Court examined two questions:

1. Whether the activities of Elegant Developers amounted to a taxable service, or whether they represented straightforward principal-to-principal sales of immovable property.
2. Whether the extended limitation period under Section 73(1) could be applied without evidence of wilful suppression or intent to evade tax..... [READ MORE](#)