Construction of real estate to attract 18% GST; home prices may not be impacted

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MUMBAI: The government has notified the goods and services tax rate for construction of real estate at 18% as against 12% announced earlier.

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Experts say the revised rate is expected to be tax neutral as the GST obligation for the property buyer would remain the same. “This revised rate is unlikely to impact property buyers beyond what was announced earlier. The rate of 18% would now be charged on two-thirds of the under-construction property value, which will be the same as 12% on the entire value of the property as announced earlier. This is based on an assumption that the states would also come out with a similar notification as the Centre has,” said Harsh Shah, partner at legal firm Economic Laws Practice.

Homebuyers are unlikely to be burdened with an additional tax outgo and cost on account of introduction of GST from July 1. However, luxury realty projects on prime land parcels that are expensive are likely to see prices move slightly up as additional credit to the developer may not be sufficient to offset the increase in the output tax.

"The notification on Central Goods and Services Tax (CGST) issued today specifies the rate on Construction Complexes at 9%. CGST and State GST are two components of GST. The GST rate on our industry remains unchanged at 12%. Any conjecture or speculation of a change in incidence of tax on real estate to a rate other than 12% is unwarranted," said Jaxay Shah, president, Credai.

The key indirect taxes levied on real estate are excise duty, value added tax and service tax totalling 9-11%, excluding stamp duty, which varies as it is a state levy. These, barring stamp duty, would be subsumed within GST under the new indirect tax regime that will also allow input tax credit for developers.
10 things to know about the new GST tax structure

Under the current practice, other key taxes applicable, such as excise duty, central sales tax and octroi, are paid by the developer initially and then passed on to the consumer. But under the GST, developers would be able to get credit for input taxes paid, which would help lower costs, experts said.

NCDRC orders Dhoot Infrastructure to handover properties to homebuyers

Launching GST at MIDNIGHT is illegal. Politicians should not illegalize GST. GST should not be launched unofficially. Lets not launch GST unofficially.

Working hours are fixed to the convenience and to stop exploitation of the workers. You can do anything at any time if that is not prohibited under the law.
Agra civic body to conduct GIS survey to identify house tax evaders

According to sources in the civic body, the civic body has not received house tax for years from a large number of property owners — residential and commercial — in all the 100 wards in the city

Deepak Lavania  |  TNN  |  September 04, 2018, 15:00 IST

SC stay on construction may hit project delivery timelines: Report

The real estate sector could be further hurt due to delay in project deliveries and related Rera implications in the form of penalties, the report by Care Ratings added

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