

## CONCRETE IMPLICATIONS

Naresh Sheth, Partner, N.A Shah Associates LLP, explained that GST council's proposals to slash down GST rates effective April 1, 2019 from 12% to 5% for under construction premier residential properties and from 8% to 1% for affordable house (having RERA carpet area up to 60 sq. mtrs. and value not exceeding 45 lakh in metro cities) will be a bonanza for home buyers. The construction of rehab flats in society redevelopment projects and SRA schemes, being a works contract service, will not be entitled to proposed concessional rate of tax.

Input tax is estimated at about 2.5% to 3% of sales price. Developer will factor this loss of input tax credit in price of flat. Ultimately, under construction residential flats might be cheaper by about 4% to 4.5% (7% tax reduction- 2.5 or 3% additional input tax cost). The rationalization of tax rate on cement would have benefited home buyers more.

The notification making the scheme operational is awaited. It will be in the interest of real estate sector that such notification clarifies manner of availing input tax credit in respect of project consisting of commercial and residential units. The scheme/ notification should allow developer to carry forward and utilise its accumulated ITC balance as on March 31, 2019 for discharging proposed output tax liability of 1% or 5%.