

1.5% GST to be charged from Customers for Sale of Flats in Project, except where entire consideration has been received after Issuance of Completion Certificate

FACT OF THE CASE

1. The applicant, Kayal Infra is constructing a property at Ghosh Hat, Madhaitala, P.S. & P.O. Katwa under Katwa Municipality, District-PurbaBardhaman, West Bengal.
2. The applicant has sought the advance ruling on the issue Whether the property currently under construction is a Residential Real Estate Project (RREP) and Whether the said property under construction is an affordable residential apartment as defined under the aforesaid notification, and Whether the GST rate to be charged from customers for sale of flats in the said property should be 1.5% (0.75% CGST and 0.75% SGST), as further reduced by 1/3 rd to factor in the value of land or it should be 7.5% (3.75% CGST and 3.75% SGST), as further reduced by 1/3 rd to factor in the value of land.

DECISION OF THE CASE

1. The coram of Brajesh Kumar Singh and Jyoti Banik ruled that the project referred to in the instant application which is currently under construction by the applicant is a Residential Real Estate Project (RREP) as defined under Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 and amended vide Notification No. 03/2019-Central tax (rate) dated 29.03.2019.
2. The apartments in the said project qualify as affordable residential apartment as defined vide Notification No. 03/2019-Central tax (rate) dated 29.03.2019.
3. The West Bengal Authority of Advance Ruling (AAR) has ruled that 1.5% GST to be charged from customers for sale of flats in Project, except where entire consideration has been received after issuance of completion certificate.