

DECISIONS OF GST COUNCIL MEETING HELD ON 24.02.2019

Proposed GST Rate on Residence

Type of Residence	Existing GST Rate	Proposed GST Rate	ITC Availability
Residential properties outside affordable segment	12%	5%	Without ITC
Affordable housing properties	8%	1%	

Affordable housing properties

Residential property of

- carpet area of up-to 90 sqm in non-metropolitan cities / towns
- 60 sqm in metropolitan cities

priced at Rs 45 lakh or below will be considered 'affordable

Metropolitan Cities are – Bengaluru, Chennai, Delhi NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon, Faridabad), Hyderabad, Kolkata and Mumbai (whole of MMR)

The new GST rate shall be applicable from 1st April 2019.

GST exemption has also been proposed on Transfer Development Rights (TDR) / Joint Development Agreement (JDA), long term lease (premium), Floor Space Index (FSI)

GST Council has specified that an Intermediate tax on these development rights such as TDR, JDA, lease (premium), FSI will be exempt from GST for such residential properties on which GST is payable.

The new GST rate shall be applicable from 1st April 2019.

Benefits of the above recommendation made by the GST Council

- 1.** The buyer of house will get a fair price and affordable housing gets very attractive with GST @ 1%.
- 2.** Interest of the buyer/consumer will be protected; ITC benefits not being passed to them shall become a non-issue.
- 3.** Cash flow problem for the sector is addressed by exemption of GST on development rights, long term lease (premium), FSI etc.
- 4.** Unutilized ITC, which used to become cost at the end of the project gets removed and should lead to better pricing.
- 5.** Tax structure and tax compliance becomes simpler for builders.