‘GST and Builders’

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Supply Chain and Players

- Builders (Own Land)
- Developers (Others Land).
- Works Contractors
- Labour Contractors
- Manufactures of Goods (Cement, Stone, Marbles, Tiles, etc.)
- Suppliers of Goods (Traders)
- Supplier of Services Engineers, Architect,
- Brokers, Advertisements etc.
- Financers and Bankers
Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, shall be treated as supply of services except where the entire consideration has been received:

a) after issuance of OC (completion certificate), or
b) after its first occupation, (whichever is earlier)
## SALE OF IMMOVABLE PROPERTY

<table>
<thead>
<tr>
<th>Sale of</th>
<th>Goods/Service</th>
<th>Whether it is supply?</th>
<th>Legal backing</th>
<th>Value of taxable supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>Service</td>
<td>No</td>
<td>As per paragraph 5 of schedule III activities or transaction relation to sale of land is not a supply</td>
<td>NA</td>
</tr>
</tbody>
</table>
| Building| Service       | Yes                   | If entire consideration is received before the (earlier of) a)After issuance of completion certificate a) after its first occupation | Item  
|         |               |                       |               | Amount                  |
|         |               |                       |               | Land                    | xx |
|         |               |                       |               | Construction            | xx |
|         |               |                       |               | Parking                 | xx |
|         |               |                       |               | One time maintenance    | +xx |
|         |               |                       |               | SPA                     | + xx |
|         |               |                       |               | Others amenities        | + xx |
|         |               |                       |               | Discount                | (xx) |
|         |               |                       |               | Value of L&B            | XYZ |
|         |               |                       |               | Value of Land           | 1/3 * XYZ |
|         |               |                       |               | **Value of Building**   | 2/3 * XYZ |

No Sale of building **before** a)its first occupation or b)issuance of completion certificate will be taxed under GST.
• Sec.17(2): Where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies under this Act or under the Integrated Goods and Services Tax Act and partly for effecting exempt supplies under the said Acts, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.

• Sec 17(3) The value of exempt supply u/s 17(2) shall be such as may be prescribed, and shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
Rule 42 (Source- GST Book- Master Guide –Vivek Laddha)

**INPUT TAX CREDIT**

- **Total Input Tax For Rule 42**
  - \( T = \text{Input tax} \)
  - Represents

**Exclusively used for**
- Non-business purpose
  - \( T_1 \)
  - NO ITC

- Exempt Supply
  - \( T_2 \)
  - NO ITC

- Taxable Supply Zero Rated
  - \( T_4 \)

**Use for Blocked Credits u/s. 17(5)**
- \( T_3 \)
- NO ITC

**Commonly used for**

- Non-business purpose
  - \( D_2 = C_2 \times 5\% \)
  - \( D_1 = \frac{E}{F} \times C_2 \)
  - No ITC

- Exempt Supply
  - \( C_3 = T - T_1 - T_2 - T_3 - T_4 \)
  - \( E \times C_2 = \frac{\text{Regate value of exempt supply during the tax period [E]}}{\text{Total T/o In state of Registered person in the tax period [F]}} \times \text{Common credit [C_2]} \)

- Taxable supply
  - Bal. Fig.

**Full ITC**

**Eligible Credit**
Few FAQs

- Rate Related aspects
- Exemption Notifications
- ITC available or blocked in various expenses
- Stock Transfer
- Cost Centre and Accounting
- Transitional Phase
THANK YOU
BEARY MUCH