

Dwelling Units falling under PMAY Scheme attracts Concessional GST Rate: The AAR, Telangana

Fact of the Case

The Telangana Authority of Advance Ruling (AAR) ruled that dwelling units falling under Pradhan Mantri Awas Yojana (PMAY) scheme attract Concessional GST rate. The applicant, Honer Developer Private Limited is in the business of construction and selling of residential flats. Their current project contains (760) flats of various dimensions and they intend to sell them in the market. They have informed that some of the customers are claiming that they are eligible for the benefit of PMAY scheme and hence insisting to pay a reduced rate of tax under Notification No. 01/2018 dated 25.01.2018.

The applicant has sought the advance ruling on the issue in respect of applicability of Notification No. 01/2018 of central tax (rate) dated 25.01.2018 issued under the provisions of CGST Act, 2017 on amount received from the customers claiming the benefit of PMAY scheme.

Decision of the Case

The Coram noted that Government of India in Notification No. 01/2018 dated 25.01.2018 has inserted the entry in Notification No. 11/2017 dated: 28.06.2017 against Serial No. 3, in column (3), in item (4) at sub item (db) which reads, “a civil structure or any other original works pertaining to the houses constructed or acquired under the Credit Linked Subsidy Scheme for Economically Weaker Section (EWS)/ Lower Income Group (LIG)/ Middle Income Group-1 (MIG-1)/ Middle Income Group-2 (MIG-2) under the Housing for All (Urban) Mission/ Pradhan Mantri Awas Yojana (Urban).”

The AAR ruled that if a person is acquiring a dwelling under the credit linked subsidy scheme for economically weaker section fulfilling all the conditions and formalities from designated banks/financial institutions under such scheme then he is eligible for the concessional rate of tax under the said notification

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