



Lakshmikumaran
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L&S Update

an e-update to clients from
Lakshmikumaran & Sridharan

GST Update No. 13 of 2019
25th February, 2019

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**GST Council Meeting held on 24-2-2019 –
GST rates on residential property –
Recommendations**

New GST rates for residential properties under construction – Press Release

- GST Council, in its 33rd Meeting held on 24th February, 2019, has recommended following GST rates:

Nature of Property	Rate	Conditions
Residential properties outside affordable segment	5%	ITC will not be available
Affordable Housing Properties	1%	ITC will not be available

- The new rates will come into force **from 1st April, 2019.**

New GST rates for residential properties

- Affordable Housing shall mean residential flat having value upto Rs. 45 lakh and
 - Carpet area of upto 90 sqm in non-metropolitan cities/towns
 - Carpet area of upto 60 sqm in metropolitan cities
- Metropolitan Cities: Bengaluru, Chennai, Delhi NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon, Faridabad), Hyderabad, Kolkata and Mumbai (whole of MMR)
- Intermediate Tax on Development Rights such as TDR, JDA, Lease (premium), FSI shall be exempted if GST is payable on such residential property.

Impact Areas

➤ Increase in prices by developers

- Whether cost of blocked ITC can be set-off with increase in sale prices ?
- Impact on sold as well as unsold units – Existing Projects
- Impact of Anti-profiteering provisions and contractual clauses with customers

➤ Implications on various JDAs

- GST Implications on various existing JDAs under area sharing or revenue sharing model for projects involving construction of residential units only and residential units as well as commercial units
- GST Implications on new JDAs under area sharing or revenue sharing model for projects involving construction of residential units only and residential units as well as commercial units

Impact Areas

➤ **Input Tax Credit (ITC)**

- Impact on existing credit
- Impact of credit on transitional invoices
- Changes in procurement strategy

➤ **Impact on miscellaneous transactions**

- GST rate on demand notes to be raised wherein full/partial advance amount has been received earlier and vice-versa.
- Cancellation of units after the implementation of revised rates
- Shifting of units after the implementation of revised rates
- Transfer of units after the implementation of revised rates
- Changes in documentations and IT System

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