

**KEY POINTS TAKEN BY THE GST COUNCIL IN ITS 33<sup>RD</sup> MEETING OF THE GST COUNCIL.**

The 33<sup>rd</sup> GST Council meeting happened on 24<sup>th</sup> Feb 2019 (Sunday). To boost the Residential Segment of the real estate sector, following recommendations were made by the GST Council in its 33<sup>rd</sup> meeting:

**1. GST RATE:**

- i. GST shall be levied at effective GST rate of 5% without ITC on residential properties outside affordable segment;
- ii. GST shall be levied at effective GST of 1% without ITC on affordable housing properties.

| RESIDENTIAL SEGMENT TYPE                           | EXISTING EFFECTIVE GST RATE | NEW EFFECTIVE GST RATE TO BE LEVID | ITC AVAILABILITY |
|--|-----------------------------|------------------------------------|------------------|
| Residential properties outside affordable segment. | 12%                         | 5%                                 | Without ITC      |
| Affordable housing properties                      | 8%                          | 1%                                 | Without ITC      |

2. **EFFECTIVE DATE:** The new rate shall become applicable from 1<sup>st</sup> of April, 2019.

**3. DEFINITION OF AFFORDABLE HOUSING SHALL BE:-**

- i. A residential house/flat of carpet area of up to 90 sqm in non-metropolitan cities/towns and 60 sqm in metropolitan cities having value up to Rs. 45 lacs.
- ii. Metropolitan Cities are Bengaluru, Chennai, Delhi NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon, and Faridabad). Hyderabad, Kolkata and Mumbai (whole of MMR).

**4. ADVANTAGES OF THE RECOMMENDATIONS MADE:**

The new tax rate in principle was approved by the Council taking into consideration the following advantages:-

Plot No-15,Basement,ShivajiEnclave,Near Mother's Pride School,New Delhi-110027

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- i) The buyer of house gets a fair price and affordable housing gets very attractive with **GST @ 1%**.
- ii) Cash flow problem for the sector is addressed by exemption of GST on **development rights, long term lease** (premium), **FSI** etc.
- iii) Unutilized ITC, which used to become cost at the end of the project gets removed and should lead to better pricing.
- iv) **Tax structure** and **tax compliance** becomes **simpler** for builders.

**5. GST EXEMPTION ON TDR/ JDA, LONG TERM LEASE (PREMIUM), FSI:**

Intermediate tax on development right, such as **TDR, JDA, lease (premium), FSI shall be exempted** only for such **residential property** on which **GST is payable**.

**6. LOTTERY:**

- i. Under the current scenario state run lotteries that do not have **private distributors** or **marketing agents** attract GST rate of **12%** on the **face value** of the **lottery ticket**. However, lotteries operated by **state** authorized private distributors fall under a **higher tax** slab of **28%**.
  - ii. However in this meeting **GST Council decided** that the **issue of tax rate** on lottery needs further discussion in the **GoM** constituted in this regard.
7. On or before **10th March 2019**, all the changes will be drafted in a **circular** by the law and **fitment** committee and will be **presented** before the GST Council as **recommendations**. The Notifications will be out before the public soon after it is passed by the GST Council and will be made **applicable** from **1st April 2019**.

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