

## GST on new houses slashed down by 7%



On February 24, the GST Council announced a slash down of GST rates on new under-construction housing property by 7 percent - making new housing affordable - a move that is seen as a favour to the middle class of India.

Under-construction housing properties were categorised under the 12 percent GST slab, which has now been moved to 5% without input tax credit, as mentioned by Finance Minister Arun Jaitley on Sunday. Besides this, the rates on affordable housing has been slashed down from current 8 percent to just 1 percent with an aim to make housing feasible for common man. Also, the scope of affordable housing to those costing up to ₹45 lakh and measuring 60 sq. metre in metros and 90 sq. metre in non-metro cities. All the new rates will be come into effect from April 1, 2019.

This means, the payments for under-construction properties or ready-to-move-in flats with completion certificates yet to be issued will be off burdened from the tax and get cheaper from April 1. The agenda is to lower the burden of tax, especially on mid-level home buyers who are in wide majority. This will create demand in housing sector and hence give a booster to the marred construction sector - keeping builders in the business of building more affordable housing property, rather than high-end housing.

Also, property already certified with completion certificate will not attract any GST. However, builders will not be able to claim input tax credit (ITC) under the new GST rates, since buyers had been concerned about not passing on the benefits from the refunds of input tax credit to them. Hence, the much-awaited decision will give some relief to home buyers, and widen the affordable housing sector across the country.