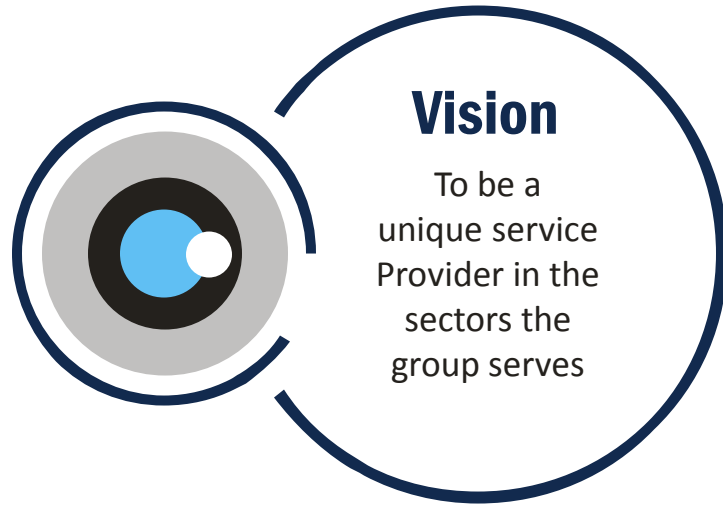


Impact of GST on Real Estate Sector

Our Vision & Mission



About Us

Alankit Limited is the Flagship company of Alankit Group



Started its business operations in 1995
Alankit group evolved as a full fledged Financial and e-Governance services provider



Alankit Offers an integrated portfolio of varied services ranging from **GST, Financial Services, e-Governance, Health Care to Insurance Broking**



Alankit Limited offerings include the entire spectrum of e-Governance Services like **GST Suvidha Provider (GSP), TIN- FC & PAN Center, Aadhaar Enrolment, Business Correspondent (BC), Aadhaar Seeding, Authentication User Agency (AUA), Aadhaar Seeding, KYC User Agency (KUA) & POP- National Pension System (NPS)** etc



Group activities are regulated by **SEBI, BSE, NSE, MCX, NCDEX, IEX, NMCE, IRDA, PFRDA, UIDAI, NSDL, CDSL & GSTN** etc

Our Strengths



Group Services



**Financial
Services**



e- Governance

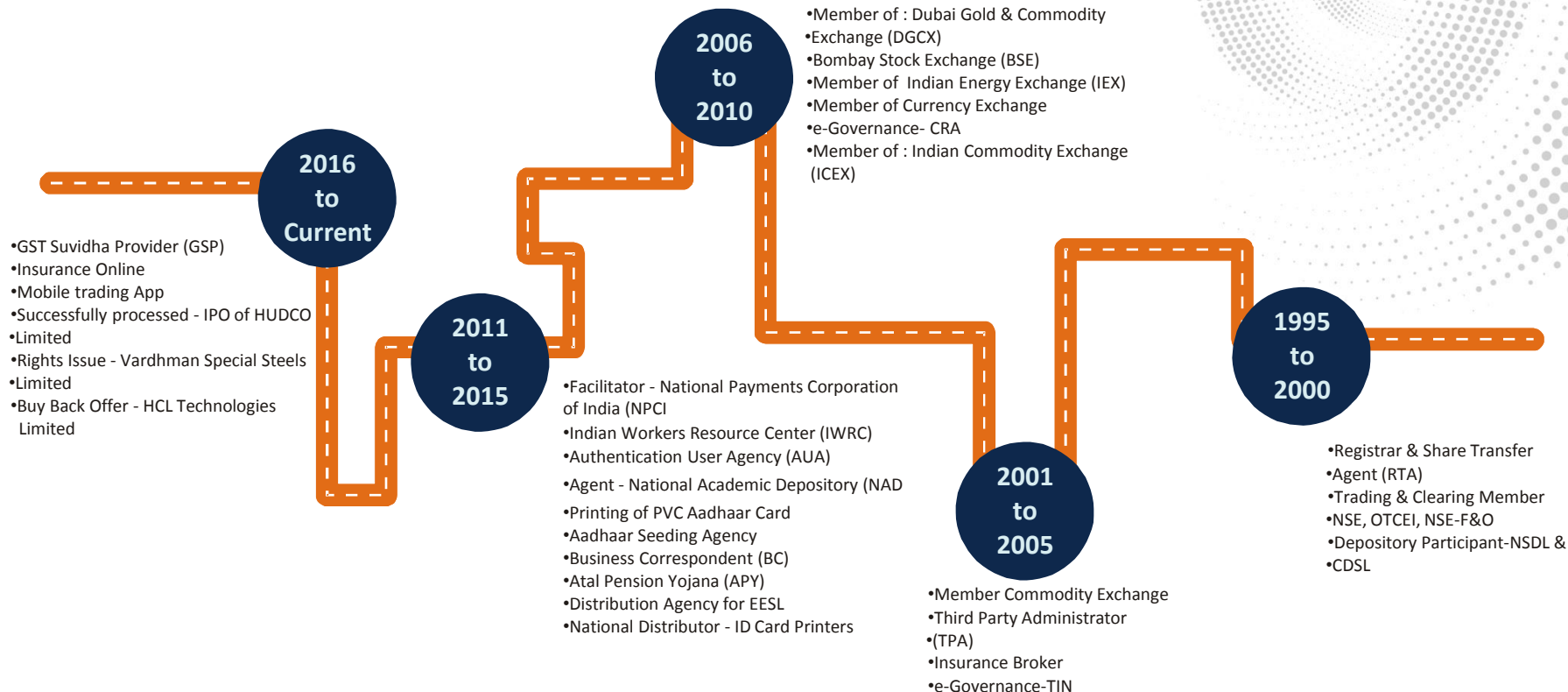


Insurance



Healthcare

Group Milestones



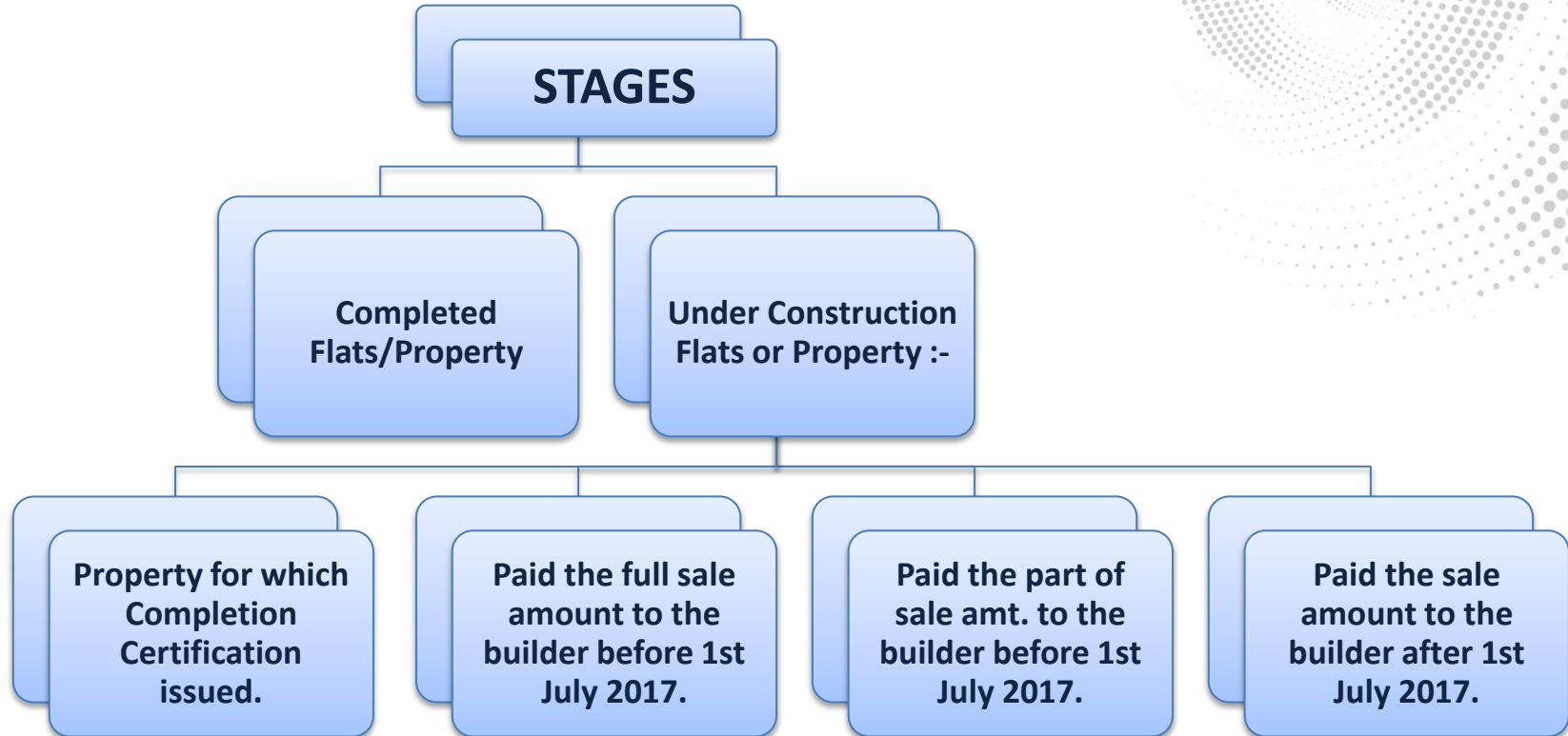
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GST Regime in Real Estate Sector

- Upto last year Dec., there was a lot of confusion regarding the applicable GST rate on real estate or property purchase.
- However, the CBEC recently issued a clarification regarding the applicability of GST on the under-construction and ready-to-move-in property.

STAGES OF CONSTRUCTION



GST on completed Flats/Property or Ready-To-Move-in property

- Transfer of completed flats, property or ready-to-move-in property will not involve any service part to the buyer. Hence, *GST will not be applicable in such transactions.* Because it is neither supply of goods nor service.
- Hence, if you are buying a completed flats/property or ready-to-move-in property, then you may save the GST cost.

I. Property for which Completion Certification issued

- If the builder got the Completion Certificate Before you purchase it, then it is considered as ready-to-move-in property. Hence, in such cases, there is neither supply of goods nor service. Therefore, *No GST on such properties.*

II. Paid the Full Sale amount to the builder before 1st July 2017

- If you paid the full sale consideration amount before the applicability of GST (i.e 1st July 2017), then GST will Not be applicable in such situation.
- However, as the transaction was done before the implementation of GST, service tax @ 4.5% has to be payable by the buyer in this regard.

III. Paid the Part of Sale Amt. to the builder before 1st July 2017

- If you paid the part of sale amount to the builder before 1st July 2017, then GST will not be applicable to such part payment.
- Because as the transaction was done before the implementation of GST, service tax @ 4.5% has to be payable by the buyer in this regard on such part payment.

IV. Paid the Sale Amount to the builder after 1st July 2017

- **As the transaction happened post-GST implementation date, in such transactions GST will have to be Payable by the buyer.**

Image for the clarification given by (CBEC)



Clarification about applicability of GST on Under Construction and Ready-To-Move-In Property

As per GST law, 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, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier, is a supply of service and liable to GST.

1. Sale of building is an activity or consideration which is neither a supply of goods nor a supply of services (Para 5 of schedule III of the CGST Act, 2017).
2. It flows from the above facts that, **sale of ready-to-move-in or completed property does not attract GST. GST is payable only on under construction property as discussed below.**

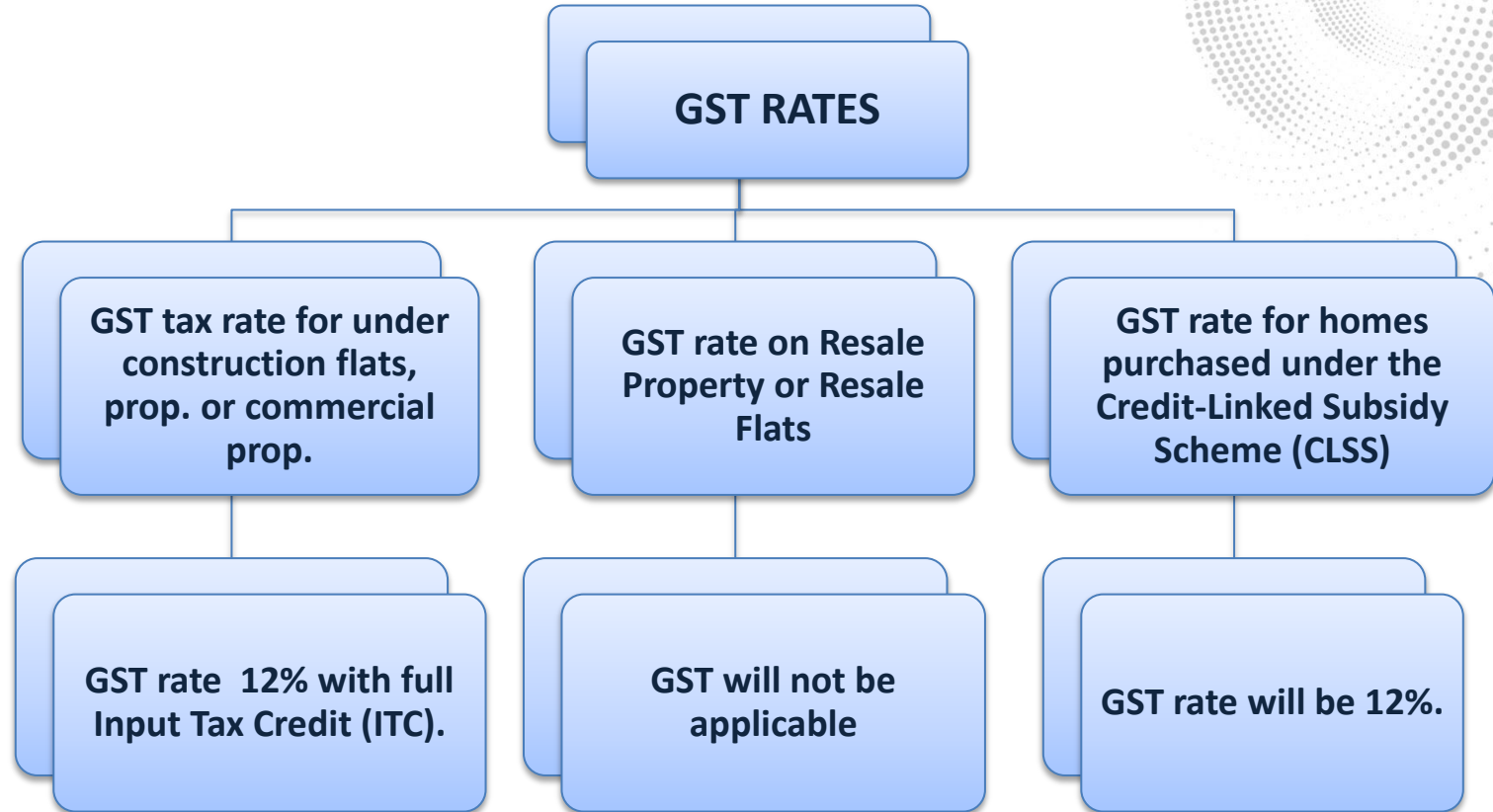
Property for which completion certificate has been issued	Under Construction Property	
	Entire consideration has been paid to the builder before 1 st July, 2017	Part consideration has been paid to the builder before 1 st July, 2017
No GST is applicable on ready-to-move-in or completed property as per para 5(b) of Schedule II of CGST Act, 2017.	There is no GST payable on such property even if the construction is completed after 1 st July, 2017. This transaction will attract Service Tax at the rate of 4.5% because as per the Point of Taxation Rules, 2011 applicable to Service Tax, where the invoice was raised or payment made prior to the appointed date under GST, the point of taxation arose before the appointed day and thus such transaction attracts Service Tax and not GST.	4.5% of Service Tax is applicable on the invoices raised or consideration paid before the 1 st July, 2017. However, payment made by the buyer to the builder on or after 1 st July, 2017 against invoices issued on or after 1 st July, 2017 shall attract GST @ 12%. However, it must be noted that with effect from 1 st July, 2017, the builder is eligible for availing full input tax credit (ITC) on goods and services for paying his output tax @ 12%. Further, under section 171 of the CGST Act, any reduction in tax rate on supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices. Anti-profiteering Authorities have been set up to examine whether input tax credits availed by a registered person have actually resulted in a commensurate reduction in price of the goods or services supplied by him.

RATE OF GST

Effective rate of GST payable on purchase of under construction residence or commercial properties from a builder involving transfer of property in land or undivided share of land to the buyer, is 12% with full Input Tax Credit (ITC). [GST payable @ 18% on 2/3rd of the amount for the property; 1/3rd of the amount having been deemed as value of land or undivided share of land supplied to the buyer.]



RATE CHART



GST tax rate for under Construction Flats, Property or Commercial Property

- The applicable GST rate for under construction flats, properties or commercial properties in land or undivided share of land is currently at 12% with full Input Tax Credit (ITC).
- The actual GST rate for under construction flats, properties or commercial properties is 18%. However, 1/3 of 18% (i.e 6%) is deemed as the value of land or undivided share of land supplied to the buyer of the property.

GST rate on Resale Property or Resale Flats

- As per above clarification, such resale property or resale flats are considered as ready-to-move-in properties, GST will not be applicable in such resale transactions.

GST rate for Homes Purchased under the Credit-Linked Subsidy Scheme (CLSS)

- **Effective from 25th January 2018, if you purchased the property under the Credit-Linked Subsidy Scheme (CLSS), then the applicable GST rate will be 12%.**
- **The effective rate of 8% after deducting one-third of the amount charged for the house towards the cost of land.**

What is Credit-Linked Subsidy Scheme (CLSS)?

If you purchased the property under the schemes like:-

- Economically Weaker Sections (EWS)
- Lower Income Group (LIG)
- Middle Income Group-1 (MIG-1) or Middle Income Group-2 (MIG-2) under the Housing for All (Urban) Mission / Pradhan Mantri Awas Yojana (PMAY Urban).

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