Thanks & Regards
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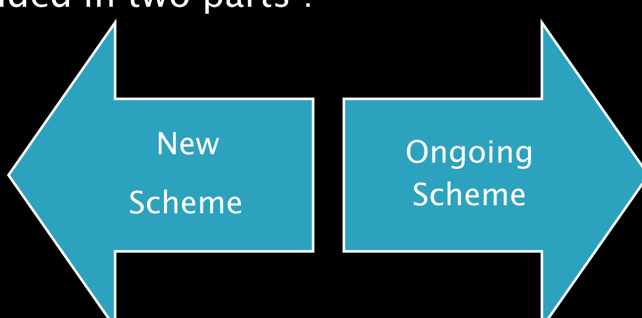
Real Estate Project

- W.e.f 01.04.19 Projects will have to be divided in two parts :-



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New Scheme

- Under New Scheme , Further projects will have to be divided in two parts :-

New Scheme

- Construction of apartments (Residential or Affordable or Commercial) by a promoter in RREP or REP which commences on or after 1st April, 2019 or In an ongoing project in respect of which the promoter has not exercised option to pay tax under existing GST Rates.
- 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.

New Scheme

- "Residential Real Estate Project (RREP)" shall mean a REP in which the **carpet area of the commercial apartments is not more than 15 per cent. of the total carpet area of all** the apartments in the REP.
- "Real Estate Project (REP)" shall have the same meaning as assigned to it in in clause (zn) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016).

(Means All project other then RREP will cover under REP.)

New Scheme

Affordable Residential apartments

- GST Rate – 1.50 %
- Effective Rate –1.00 %

Other Than Affordable Residential apartments

- GST Rate – 7.50 %
- Effective Rate – 5.00%

In case of Commercial Apartments

RREP
- GST Rate – 7.50%
- Effective Rate –5.00 %

REP
- GST Rate – 18.00 %
- Effective Rate–12.00%

Conditions for New Scheme

- GST Will be paid only in Cash
- ITC will not be allowed except eligible ITC.
- ITC will be allowed up to eligible ITC .
- Eligible ITC will be calculated as per annexure I for REP and annexure II for RREP (Discussed later).
- where cement is received from an unregistered person, the promoter shall pay tax on supply of such cement at the 28 % on reverse charge basis.

Conditions for New Scheme

- 80 % of value of input and input services, [other than services by way of grant of development rights, long term lease of land (against upfront payment in the form of premium, salami, development charges etc.) or FSI (including additional FSI), electricity, high speed diesel, motor spirit, natural gas] used in supplying the service shall be received from registered supplier only.
- where value of input and input services received from registered suppliers during the financial year (or part of the financial year till the date of issuance of completion certificate or first occupation of the project, whichever is earlier) falls short of the 80 per cent. , tax shall be paid by the promoter on value of input and input services comprising such shortfall at the rate of 18 % on reverse charge basis.

Conditions for New Scheme

- The promoter shall maintain project wise account of inward supplies from registered and unregistered supplier and calculate tax payments on the shortfall at the end of the financial year and shall submit the same in the prescribed form electronically on the common portal by end of the quarter following the financial year.
- The tax liability on the shortfall of inward supplies from unregistered person so determined shall be added to his output tax liability in the month not later than the month of June following the end of the financial year.

Conditions for New Scheme

- Tax on cement received from unregistered person shall be paid in the month in which cement is received and the same shall be paid @ 28% under RCM by the developer.
- Input Tax Credit not availed shall be reported every month by reporting the same as ineligible credit in GSTR-3B [Row No. 4 (D)(2)].

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Conditions for New Scheme

- where a registered person (landowner- promoter) who transfers development right or FSI (including additional FSI) to a promoter (developer- promoter) against consideration, wholly or partly, in the form of construction of apartments:-
  - the developer- promoter shall pay tax on supply of construction of apartments to the land owner promoter, and
  - such landowner – promoter shall be eligible for credit of taxes charged from him by the developer promoter towards the supply of construction of apartments by developer-promoter to him, provided the land owner promoter further supplies such apartments to his buyers before issuance of completion certificate or first occupation, whichever is earlier, and pays tax on the same which is not less than the amount of tax charged from him on construction of such apartments by the developer promoter.

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Ongoing Scheme

Category	Rates
Affordable Residential apartments	• GST Rate – 12 % • Effective Rate –8.00 %
Other Than Affordable Residential including commercial apartments	• GST Rate – 18.00 % • Effective Rate–12.00%

Conditions for ongoing Scheme/Projects

- Registered person shall exercise one time option in the Form at Annexure IV by the 10th of May, 2019.
- Where the option is not exercised in Form at annexure IV by the 10th of May, 2019 then it shall be deemed that new scheme have been exercised.
- Invoices for supply of the service can be issued during the period from 1st April 2019 to 10th May 2019 before exercising the option, but such invoices shall be in accordance with the option to be exercised.

Definations…

- An apartment booked on or before the 31st March, 2019 shall mean an apartment which meets all the following three conditions, namely:-
  - Part of supply of construction of which has time of supply on or before the 31st March, 2019 and
  - at least one instalment has been credited to the bank account of the registered person on or before the 31st March, 2019 and
  - an allotment letter or sale agreement or any other similar document evidencing booking of the apartment has been issued on or before the 31st March, 2019

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Definations…

- "Apartment" shall have the same meaning as assigned to it in clause (e) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016).
- "Project" shall mean a Real Estate Project or a Residential Real Estate Project.
- "Promoter" shall have the same meaning as assigned to it in in clause (zk) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016).

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Definations…

- "Developer- promoter" is a promoter who constructs or converts a building into apartments or develops a plot for sale.

- "Landowner- promoter" is a promoter who transfers the land or development rights or FSI to a developer- promoter for construction of apartments and receives constructed apartments against such transferred rights and sells such apartments to his buyers independently.

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Definations…

- "Affordable residential apartment" shall mean,
  - a residential apartment in a project which commences on or after 1 st April, 2019, or
  - In an ongoing project in respect of which the promoter has not exercised option existing option.
  - Having carpet area not exceeding 60 square meter in metropolitan cities or 90 square meter in cities or towns other than metropolitan cities and for which the gross amount charged is not more than 45 lakhs rupees.

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Definations...

- Metropolitan cities are Bengaluru, Chennai, Delhi NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon, Faridabad), Hyderabad, Kolkata and Mumbai (whole of MMR).

- Gross amount shall be the sum total of –

  - Consideration charged for the services specified above.
  - Amount charged for the transfer of land or undivided share of land, as the case may be including by way of lease or sub lease.
  - Any other amount charged by the promoter from the buyer of the apartment including preferential location charges, development charges, parking charges, common facility charges etc.

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Definations...

- "Ongoing project" shall mean a project which meets all the following conditions :-

  1. commencement certificate in respect of the project, where required to be issued by the competent authority, has been issued on or before 31st March, 2019, and it is certified by any of the following that construction of the project has started on or before 31st March, 2019:-
     - (an architect registered with the Council of Architecture constituted under the Architects Act, 1972 (20 of 1972); or
     - a chartered engineer registered with the Institution of Engineers (India); or
     - a licensed surveyor of the respective local body of the city or town or village or development or planning authority.

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Definations…

2.Where commencement certificate in respect of the project, is not required to be issued by the competent authority, it is certified by any of the authorities specified in clause (1) above that construction of the project has started on or before the 31st March, 2019.

3.Completion certificate has not been issued or first occupation of the project has not taken place on or before the 31st March, 2019.

4. Apartments being constructed under the project have been, partly or wholly, booked on or before the 31st March, 2019.

Definations…

Note – for point 1 and 2, Construction of a project shall be considered to have started on or before the 31st March, 2019, if the earthwork for site preparation for the project has been completed and excavation for foundation has started on or before the 31st March, 2019.

Note- Eligible ITC will be calculated as per annexure I for REP and annexure II for RREP will be discuss in other parts.

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