

Ref. No. MCHI/PRES/20-21/074

December 10, 2020

PRESIDENT
Deepak Goradia

IMMEDIATE PAST PRESIDENT
Nayan A. Shah

PRESIDENT-ELECT
Boman Irani

SR. VICE PRESIDENTS
Harish Patel
Nainesh Shah
Domnic Romell
Bandish Ajmera

VICE PRESIDENTS
Sukhraj Nahar
Jayesh Shah
Ajay Ashar

HON. SECRETARY
Pritam Chivukula

TREASURER
Munish Doshi

SPECIAL PROJECTS
Parag Munot
Sandeep Raheja
Navin Makhija
Rasesh Kanakia
Shahid Balwa
Subodh Runwal

HON. JT. SECRETARIES
Shailesh G. Puranik
Dhaval Ajmera
Pratik Patel

JT. TREASURERS
Mukesh Patel
Tejas Vyas

CO-ORDINATORS
Nayan Bheda
Raajesh Prajapati
Dr. Harshul Savla

COMMITTEE MEMBERS
Gautam Ahuja
Deepak Gundecha

INVITEE MEMBERS
Shailesh Sanghvi
Sachin Mirani
Nikunj Sanghavi
Rajeev Jain
Shyamal Mody
Digant Parekh
Rushank Shah
Samyag Shah
Jayesh C. Shah
Sunny Bijlani
Sahil Parikh
Naman Shah
Ricardo Romell
Binitha Dalal

PAST PRESIDENTS
Mayur Shah
Dharmesh Jain
Vyomesh Shah
Paras Gundecha
Pravin Doshi
Moham Deshmukh
Mofatraj Munot
Rajnikant Ajmera
Late G. L. Raheja
Late Lalit Gandhi
Late Babubhai Majethia

CREDAI-MCHI UNITS

PRESIDENT, THANE
Ajay Ashar

PRESIDENT, KALYAN DOMBIVLI
Shrikant Shitole

PRESIDENT, MIRA VIRAR CITY
Ashit Shah

PRESIDENT, RAIGAD
Kiran Bagad

PRESIDENT, NAVI MUMBAI
Vijay Lakhani

To,
Shri Ajit Pawar
Hon'ble Deputy Chief Minister &
Hon'ble Minister of Finance
Government of Maharashtra

Sub: Request for an urgent in person meeting to discuss the issues related to the provisions of Goods and Service Tax impacting the Real Estate Industry.

Respected Sir,

The Confederation of Real Estate Developers Associations of India ('CREDAI') is the apex body for private Real Estate developers in India. We represent various Real Estate developers spread across India.

The Real Estate Sector is a significant contributor to GDP, the 2nd largest creator of jobs after Agriculture and directly supports nearly 250 industries. The Sector was already struggling hard to grasp and adapt itself to the fundamental changes and reforms brought in by demonetization, RERA, GST, IBC and the ban on Subvention scheme. The Sector was also facing the subdued demand due to slowdown in the economy, unaffordable prices and the liquidity constraints. COVID 19 pandemic and the consequential all-round disruption of business activities have thus dealt almost a mortal blow to the Sector.

It is, therefore, imperative that the Sector is provided all the necessary support by the Government which would enable it to tide over these critical times and revive itself as soon as possible. Considering the fact that this Sector is one of the chief contributors to the GDP and job creation, the early revival of the Sector would also significantly accelerate the revival of the economy.

We would like to bring to your notice certain provisions of the Goods and Service Tax ("GST") applicable to the Real Estate Industry that have drastically impacted the business viability. As a result, many real estate projects have been stalled and there are no takers for new projects which is negatively impacting the GDP and employment generation in Maharashtra.

Our Industry body requests for an urgent in person meeting to give you a quick and short representation of our suggestions to the existing GST provisions which will ultimately result not only in better and faster development of our City and State but also contribute extensively to the GDP growth, GST collections, and employment generation in the state of Maharashtra.

We humbly request you to give us a time slot at the earliest possible date for a personal meeting. Your kind co-operation in this regard will be highly appreciated.

We have also annexed a brief summary of our main representations on the existing GST provisions for your ready reference.

Thanking you,

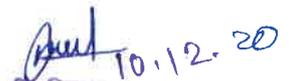
Your sincerely,
For CREDAI-MCHI



Deepak Goradia
President



Pritam Chivukula
Hon. Secretary


लिपिक
उपमुख्यमंत्री यांचे कार्यालय
महाराष्ट्र शासन
मंत्रालय, मुंबई ४०० ०३२

SUMMARY OF REPRESENTATIONS ON GST ISSUES AFFECTING THE REAL ESTATE INDUSTRY:

Sr. No	Representation	Existing Provision	Suggestions
1.	Waiver of GST in Re-development Projects on the units handed over free-of-cost to; society members, slum dwellers, MHADA, and Land Owners etc.	GST @ 5% is applicable on the area handed over free of cost where the rate of the developer's first sale agreement is used to calculate the value of such units.	To waive off GST on the units handed over free in all types of Redevelopment projects.
2.	GST on Commercial Projects to be at par with Residential Projects.	GST is levied @ 12% on Commercial Projects with ITC benefits.	GST to be levied @ 5% without ITC benefits for Commercial Projects, bringing it at par with Residential Projects.
3.	Transfer of Development Rights (TDR), Long Term Land Lease and transfer of Development Rights Certificate (DRC) be treated akin to sale of Land.	The Promoter/Developer of such project is to pay GST at the rate of 18% on the value of the Development Rights / Lease Premium (limited to 1% on the value of the apartment for affordable apartments & 5% for other than affordable apartments) remaining unsold at the time of issuance of occupancy certificate (OC) or first occupation under reverse charge.	Transfer of TDR, Long Term Land Lease and transfer of DRC be treated as akin to sale of (right in) land and hence, no GST should be levied in case any units remain unsold beyond the date of OC.
4.	Reconsideration of the definition of 'Affordable Housing'	Currently the qualification criteria for affordable housing units has a dual threshold of (i) sale value of INR 45 lakhs and (ii) carpet area of upto 90 square meters (in non-metropolitan cities/towns) or 60 square meters (in metropolitan cities).	To remove the sale value and only retain the carpet areas in the definition of Affordable Housing.
5.	Grant of benefit of ITC in case of the Construction of Commercial Property meant for lease and license.	Input tax credit of the cost of construction incurred for development of a commercial property or any repairs carried out is not available for set off against the GST charged on the rent/lease income received from renting/leasing such commercial premises.	The restriction to avail the aforesaid ITC should be removed to ensure seamless flow of credit.