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To,  
Shri Manoj Kotak,  
Hon'ble Minister of Parliament,  
Member of Parliamentary Standing Committee  
on Finance & Commerce,  
Government of India

**Sub: Meeting to discuss GST related issues faced by the Real Estate Industry in the State of Maharashtra, more particularly Mumbai, MMR region and soliciting your support for pushing GST reforms in the Council to create a robust GST infrastructure which promotes Real Estate Development enabling the "Housing for all" vision of our country.**

Respected Sir,

At the Outset we would like to introduce ourselves as an Apex body consisting of more than 1400 members from the Real Estate Industry spread across the Mumbai Metropolitan Region. CREDAI MCHI is at the forefront of constantly brainstorming with the various governments on policy matters as well as procedural issues to help create a robust Real Estate Framework which will help attract the best Private Sector resources in terms of finances, talent etc. which can be channelized for sustainable Development, thus enabling the "Housing for All" Vision of our Country. Housing for all envisages provision of better standard of Housing for the citizens of its Country. Whilst it aims for larger penetration of structured development in the rural outposts of the country, a parallel effort is also directed towards alleviating the alarming state of housing in congested urban pockets which have mushroomed due to rapid urbanization which has led to putting a strain on the large urban nerve centers of our Country including Mumbai.

Mumbai being the Financial Capital of the Country, has witnessed tremendous growth and with it a huge influx of people choosing our city as their home to be part of this great growth story. This has resulted in a tremendous strain on the Real Estate infrastructure of our city and there is an urgent need to boost sustainable re-development in the MMR region to undo the unstructured housing of the past and in its stead come up with a modernistic and scalable real estate development. As is obvious, there are hardly any open plots available in the MMR region for development and the entire focus is then on redevelopment i.e. breaking down the old unstructured dilapidated buildings, slum pockets, defunct mills and come up with a newly constructed buildings which will not only house the existing occupants but will create a housing stock for the throngs of aspirational population which is seeking to make Mumbai its home.

It is our Honor and Privilege that a local from Mumbai is part of the Standing Parliamentary Committee for Finance, as you are extremely well versed in the subject of redevelopment of the city and with your thorough understanding of GST you are truly in a position to make a difference to the Real Estate Industry of our State. Through your stint as the Corporator for Mulund and now a Minister of Parliament representing the North East Constituency of our city, you genuinely understand the real estate landscape of Mumbai and through your good offices we wish to make the GST decision makers aware of the atypical nature of real estate in our city which is being adversely affected due to GST policies which needs to be tweaked for the long term sustenance of our Industry and for providing it the necessary Phillip to motor towards the larger "Housing for all" agenda of the Government of India.

**Maharashtra Chamber of Housing Industry**

Maker Bhavan II, 4<sup>th</sup> Floor, 18, V. Thackersey Marg, New Marine Lines, Mumbai - 400 020.  
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We Humbly request your appointment to enable our delegate group to appraise you with the various issues faced by the MMR region due to the prevailing GST policy. We look forward to your support in ensuring that the GST policy towards Real estate is streamlined to iron out problems/issues faced by us which would be largely similar to every urban pocket in India to ensure that “housing for all” truly becomes a reality at an accelerated pace. The various issues for which we would be seeking discussion are enumerated herein below in brief for a fruitful in person meeting.

#### **GST ISSUES AFFECTING THE REAL ESTATE INDUSTRY in MMR Region**

<b>Sr. No</b>	<b>Issue</b>	<b>Existing Provision/Department interpretation</b>	<b>Suggestions</b>
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 sought to be made applicable on the area handed over free of cost to the existing occupants/slum dwellers/mhada tenants/land owners by applying a notional market valuation even though there is no consideration involved as provision of these flats is a prerequisite for clearing up the land and exploitation of sale FSI as per the regulations in that regard.	<p>To waive off GST on the units handed over free of cost to existing occupants / tenants /slum dwellers/owner share/ mhada tenants etc. in all types of Redevelopment projects.</p> <p>The cost and value of the flats handed over free of cost to the existing occupants etc. is already subsumed in the value of flats sold in the open market on which the GST is already being charged and paid.</p>
2.	Compulsory removal of ITC.	With a view to provide simplification to the Real Estate Industry, ITC for Real estate Industry has been done away with (except for commercial) with fixed GST rates of 1% and 5% without ITC	One fit all scheme cannot be expected to cover the varied types of Real Estate Development in the Country and this oversimplified version of strait jacket approach is adversely affecting the Industry. Hence we propose that an Option to be given to the Developer to choose between GST @ 12% with ITC or GST @ 5% without ITC.
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) on the units 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).	Affordable is a relative term and what may be deemed to be affordable in one part of the country may not be so in another and hence we propose to remove the sale value attached to the definition of “affordable Housing” and only retain the carpet areas in its definition.

5.	Grant of benefit of ITC in case of the Construction of Commercial Property meant for leave 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.
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We look forward to your cooperation and support to put forth the GST issues being faced by urban centers in our country particularly Mumbai, MMR before the Honorable Finance Minister of India along with the Honorable Finance Secretary and various GST committee's /sub committees/Council of Members for positive action.

Looking forward to your continued support

Thanking you,

**Yours faithfully,  
For CREDAI-MCHI**



**Boman Irani**  
President



**Dhaval Ajmera**  
Hon. Secretary