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Naman Shah

**PROCUREMENT CONVENOR**  
Nimish Ajmera

**WOMEN'S WING CHAIRPERSON**  
Sejal Goradia

Ref. No. MCHI/PRES/24-25/026  
Date: 17/5/2024

To  
**Shri Ashwini Vaishnaw,**  
Hon'ble Union Minister of Railways,  
Government of India  
Railway Bhawan, Rafi Marg,  
New Delhi - 110001

Respected Sir,

We would like to highlight and bring to your notice, certain provisions of the Goods and Services Tax ('GST') applicable to the Real Estate Industry have drastically impacted the customer sentiment as well as the business viability. As a result, many real estate projects have become costly and unviable and the end customer, particularly the low and middle income group are bearing the burn of the same. Further, many real estate projects have been stalled and there are no takers for new projects which is negatively impacting the GDP and the employment generation of State of Maharashtra.

With this background, we submit various issues and hand and the relief that is being sought, in a detailed manner. The details of issues and the relief sought along with the rationale for seeking the relief have been enclosed herewith as separate exhibits.

CREDAI-MCHI have in past represented the said issues to various authorities and ministers and we sincerely hope that your kind consideration and immediate action will be highly effective for the sector of real estate. If need be, we are ready to meet you to discuss the said matters in detail.

Yours sincerely,  
**For CREDAI-MCHI**

**Domnic Romell**  
President

**Dhaval Ajmera**  
Hon. Secretary

PS: Contact Person Mr. Keval Valambhia, COO, CREDAI-MCHI - +919870985061 / keval@mchi.net

**Maharashtra Chamber of Housing Industry**

Maker Bhavan II, 4<sup>th</sup> Floor, 18, V. Thackersey Marg, New Marine Lines, Mumbai - 400 020.  
Tel: 42121421, Fax: 4212 1411/407 Email: secretariat@mchi.net Website: [www.mchi.net](http://www.mchi.net)

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To,  
Shri Rajeev Kumar Mittal (I.A.S.)  
Commissioner Sales Tax /GST  
GST BHAVAN, 8th floor,  
R.N. 829, E Wing,  
Mazgoan - Mumbai-10

**Sub: Minutes of the meeting dated 24.2.2023 with a delegation of our members and our proposed way forward in relation to various issues of GST affecting the Real Estate Sector in Mumbai MMR Region.**

Respected Sir,

At the outset let us begin by thanking you profusely for giving our delegation an extremely patient hearing as we tried to appraise you of the various issues/challenges affecting our Industry in relation to GST. We were thoroughly impressed by your in-depth knowledge of the subject along with your willingness and look at the various issues from our perspective.

As per our discussions in the said meeting, please find attached herewith a brief summary of our discussions along with our request/recommendation for each issue for your consideration/feedback. Through this constant consultative process and with your active support and participation we wish to get these issues streamlined for the betterment of our Industry.

Sr. No	Discussions held in the meeting	Our Suggestions/Recommendations
1	<b>GST Charged on flats given free of cost to tenants/ slum dwellers/MHADA Occupants/ Existing flat owners:</b>	
	<ul style="list-style-type: none"> <li>Through various FAQs and demand received by some of the members for GST on Rehab Flats (Word "Rehab" is used for all flats which are given free of cost, be it to slum dwellers, existing occupants, society redevelopments, MHADA occupants, tenants etc.), the Department is seeking to treat provision of flats free of cost to existing occupants as a separate output service and charge GST thereupon by putting a notional value of consideration being a market value thereof.</li> </ul>	<ul style="list-style-type: none"> <li>This issue is peculiar to Mumbai MMR region and it is the regulations prevalent in the city which mandates the construction of Rehab Houses. DCPR2034 being designated legislation have the power of statute and once the statute demands the functioning in a particular manner, GST cannot be charged on such actions governed by the regulations and imposed upon the developers.</li> <li>The Developers are not in the business of constructing free houses. The imposition of construction of rehab house is effectively shifting the burden of redevelopment of the city from the public to the private domain.</li> </ul>

25-03-23  
कर सहकार्य  
राज्य सरकार आयुक्त  
दस्तावेज सेवा कर विभाग  
महाराष्ट्र राज्य  
वाणिज्य विभाग

This leads to double taxation as Value of Rehab is already included in sale component which is offered for GST

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<ul style="list-style-type: none"> <li>• Vasantha Greens Judgement (service tax) has cleared laid down that any service for internal consumption (construction of rehab flats) shouldn't be taxed as long as the final product which in our case is the sale flat, is subject to tax (which it is).</li> <li>• For Example  Plot of Land Area: 10,000 sq.mtrs.  Land Rate as per RR= Rs 100,000/ sq.mtrs.  Residential rate as per RR: 2,15,000/sq.mtrs.  Existing construction used by tenants: 10,000 sq.mtrs.  FSI available on redevelopment: 2 plus Fungible  Area to existing tenants: 13500 sq.mtrs.  Area for Sale: 13500 sq.mtrs.  Construction area: (13500 + 13500)*1.6 = 43200 sq.mtrs.  Cost of Construction: (43200* 10.764 * Rs 3000 psf) = 140 crores  GST on Input for both rehab and sale (average 18%) = 25 crores (NO ITC)  Premium FSI cost = (5000 sq.mtrs. * 100,000 * 60%) = 30  TDR Cost (5000 sq.mtrs. * 100,000 * 50%) = 25  Fungible cost (3500* 100,000 * 50%) = 17.5 crores  MCGM &amp; other costs (assumed at Rs.500 psf): 25 crores  Total Cost= 262.5 crores  Sales : Rs 290 Crores  Profit before Tax: Rs 27.5 Crores  GST on Sale = 14.5 crores (paid by customers)  GST on Rehab (sought to be charged by Department) = 14.5 crores  Profit After GST burden on Developer = Rs 13 Crores  GST charged on GST on input: 1.25 crores</li> </ul>	<ul style="list-style-type: none"> <li>• We humbly request you consider the spirit of the entirety of the transaction and the fact that the construction of rehab houses is only a means to an end and not the end itself.</li> <li>• Under the circumstances in order to boost the real estate development of the city and remove uncertainty we request you humbly consider our request to do away from seeking to charge GST on rehab flats given free of costs to existing occupants/ members/ tenants/ slum dwellers etc.</li> </ul>
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	<ul style="list-style-type: none"> <li>Therefore, it can be seen from the above example that the Developer is paying 10% GST on sale component (5% by customers and 5% to be borne by him)</li> </ul> <p>For example, there are 100 existing tenants: The GST for each of them would Rs 14.5 lacs for each flat received free of cost)</p> <ul style="list-style-type: none"> <li>As can be seen from the above example, the GST sought to be charged on Rehab is making the project and development unviable.</li> <li>Leading to Tax on Tax</li> <li>Leading to Double Taxation as value of Rehab is already included in sale</li> <li>Cascading effect of GST is nullified.</li> </ul>	
<b>2</b>	<b>Reconsideration of definition of affordable housing:</b>	
	<p>Affordable housing definition for new projects is controlled by a dual threshold limit in terms of area and value of the flats, the same being:</p> <p><b><u>In metro cities</u></b>  Carpet area &lt; 60 sq.mtrs  Gross amount &lt; 45 lacs</p> <p><b><u>In non metro cities</u></b>  Carpet area &lt; 90 sq.mtrs  Gross amount &lt; 45 lacs</p> <ul style="list-style-type: none"> <li>It has been our long standing demand to define affordable housing only on the basis of RERA carpet area.</li> <li>Affordability is a relative concept and cannot be valued in absolute terms with one fits all value across the country</li> </ul>	<ul style="list-style-type: none"> <li>It is our request that Mumbai MMR real estate is extremely different than the entire country. The Real estate prices of a London, or a New York or a Tokyo are not comparable to any other city in their respective country. Mumbai has a similar standing in India. Surrounded by water on all sides, land in Mumbai is a scarce resource. Add to that the airport within the city and there is an added limitation on vertical expansion. The fact that it's the financial capital of the country there is a rush to be a part of the Mumbai/MMR growth story. These factors ensure that prices in Mumbai are through the roof.</li> </ul>

<ul style="list-style-type: none"> <li>It can be undeniable that a permanent alternate Accommodation given to a slum dweller is affordable housing. If that be the case then all such houses of 300 sq.ft. carpet given to slum dwellers should be affordable housing. As the rehab flats given to slum dwellers cannot be sold for 10 years they don't have any value as such and are valued under valuation rule 30 for sake of GST. However, in a hypothetical example let's assume that a slum dweller wants to sell the house after the cooling period of 10 years. Even after 10 years the nature of the house remains the same and it's still the most AFFORDABLE of structured housing that one can find in Mumbai. In most parts of the city this flat as per RR rates would be more than 45 lacs.</li> </ul>	<ul style="list-style-type: none"> <li>The fact remains that there are no open plots in Mumbai and hence the sale price of 65 lacs per house of 60 sq.mtrs as calculated through an example, is not attainable even in far flung outposts of Mumbai like Dahisar etc.</li> <li>For Mumbai MMR there should be no threshold of value (45 lacs) and affordable housing should be defined as "HOUSES BELOW 60 sq.mtrs."</li> <li>Alternatively using the average cost of FSI of around 15,000 the affordable houses in Mumbai should be given a threshold limit of 1 crore. Further once the limit of 1 crore is set it should be increased on a yearly basis as per the cost of inflation index to keep it relevant year on year.</li> </ul>
<p><b>Example</b>            Bandra (Zone 25/150)  <math>(300 * 1.2 / 10.764 * 253880) = 84.92</math>  <b>Lacs</b>            Andheri (Zone 40/208)  <math>(300 * 1.2 / 10.764 * 166100) = 55.56</math>  <b>lacs</b>            Dahisar (Zone 89/410)  <math>(300 * 1.2 / 10.764 * 136100) = 45.52</math>  <b>lacs</b>            Worli (Zone 13/98A)  <math>(300 * 1.2 / 10.764 * 348400) = 1.16</math>  <b>crores</b>            Malad (Zone 61/290)  <math>(300 * 1.2 / 10.764 * 147390) = 49.30</math>  <b>lacs</b></p>	
<p>This just shows the problem with the definition wherein it fails to cover even the most affordable form of housing in Mumbai.</p>	

- The minimum size of flat which can be constructed in Mumbai as per DCPR 2034 is of 300 sq.ft. Therefore, in any redevelopment of societies, MHADA, tenancies etc the minimum area given to existing users is 300 sq.ft. Similar to calculations above even the minimum area which is considered the bare necessity for human inhabitation is falling outside the realm of affordable housing as per the definition provided in GST.
- The land costs, construction costs, cost of labour and materials is all extremely high in a city like Mumbai vis a vis other parts of the country and even the cost of constructing a house under 60 sq.mtrs would be higher than 45 lacs.
- The average cost of FSI for development under any regulation is around 15,000 per sq. feet. This includes development under regulation 30A, 33(5), 33(10), 33(7), 33(9) or any other regulation of DCPR 2034. The cost includes the land cost, rehab cost, transit rent costs, cost of construction of sale, admin costs, premium costs, fungible costs, selling and marketing costs and interest costs. If we assume a flat of 60sq.mtrs i.e. 645 sq.ft. **the cost of construction of the same is around 96 lacs.**
- Let's assume someone had a open plot in Mumbai. The cost of even the cheapest land is around 50,000 sq.mtrs as per RR. If we consider 2 FSI, then cost for every sq.mtr constructed would be 25,000 per sq.mtr (50,000/2FSI)

	<ul style="list-style-type: none"> <li>Cost of construction as per RR is 30,250 per sq.mtr. However for constructing 60 sq.mtrs one would have to construct around 96 sq.mtrs. (60*1.6 Thumb rule of Carpet area is to construction area) to factor in the basements, parking, lift lobbies, staircases, passages, niches, elevational features etc.</li> <li>Therefore, costs of construction would be as follows  Land Rs. 25,000 per sq.mtrs.  (to factor in 2 FSI the cost of land is divided by 2)  Construction (30250*1.6) = Rs. 48400 per sq. mtr.  Total basic cost excluding admin, interest, marketing cost (25,000 + 48400) = Rs 73400  Premium costs is (73400*0.30) = 22020 (As per thumb rule premiums are 30% of Project cost)  Cost for a 60 sq.mtrs. house is (95420*60) = Rs 57,25,200/-  Profit of 15%= 8,58,780  Minimum sale price of a 60 sq.mtrs home in Mumbai even if we do not consider admin costs, interest, GST cost etc. = Rs. 65lacs</li> </ul>	
3	<b>Option to choose between scheme of 18% less land abatement of 6% ie. Effective rate of 12% or 8%(affordable housing) with ITC or composition scheme of 5% or 1% (affordable housing) without ITC:</b>	
	<p>ITC is the fundamental pillar of GST to ensure that there is a cascading effect of tax and that there is taxation only on the value addition at every stage of progression.</p> <ul style="list-style-type: none"> <li>ITC was removed for the fear that some developers were not passing on the benefit of ITC to the customer and were alleged to be profiteering.</li> <li>With a view to stop a few rotten apples who were more of an anomaly rather than a norm, the regime was sought to be oversimplified to have a one fit all scheme for ever developer i.e. composition scheme of 5% or 1%.</li> </ul>	<ul style="list-style-type: none"> <li>Request is to provide 1 time option to developer to choose between 18% (12% for affordable) GST with ITC or 5%(1%) ITC without ITC.</li> <li>Provision of option should be project wise</li> <li>This would put to rest all the litigation pursued by various developers and trade associations against the removal of ITC as being ultra vires the act. Reduction of litigation would provide clarity to the industry which would spur on development</li> <li>No loss to the exchequer in either case</li> </ul>

	<ul style="list-style-type: none"> <li>Commercial development still provides a framework of ITC so why the disparity between the 2 different types of development.</li> <li>Every development have different ingredients like some have high land cost percentage to total cost, some have high rehab cost to total cost and some have high construction cost to total cost etc and a one fits all framework is not conducive to development.</li> <li>non provision of ITC is increasing cost of goods sold by 18% (approx.) which is a huge increase to digest for developers who are already working on extremely slim margins making the projects unviable.</li> <li>Affordable housing schemes under PMAY generally work on the volume model and low margins and an 18% increase in cost has resulted in all these projects becoming unviable.</li> </ul>	
4	<b>GST on Commercial Leasing:</b>	
	<ul style="list-style-type: none"> <li>The Department is seeking to invoke 17(5) of CGST Act to deny input tax credits for good and services used in construction of a building which is completely leased/rented out on its completion.</li> <li>In WP 2043 of 2018, the Honourable Orissa High Court in Safari Retreats Matter has held <i>"In that view of the matter, in our considered opinion the provision of Section 17(5)(d) is to be read down and the narrow restriction as imposed, reading of the provision by the Department, is not required to be accepted, in as much as keeping in mind the language used in (1999) 2'SCC'361(supra), the very purpose of the credit is to give benefit to the assessee. In that view of the matter, if the assessee is required to pay GST on rental income arising out of the investment on which he has paid GST, it is required to have input credit on the GST which is required to pay under section 17(5)(d) of the CGST Act.</i></li> </ul>	<ul style="list-style-type: none"> <li>CREDAI-MCHI urges to look at this issue in terms of the larger growth story of India wherein more and more warehousing /data centers/ knowledge parks have the potential to be set up in India but the developers are currently turned off by the lack of ITC on input goods and services used for construction of such centers which have the effect of making the project more expensive by 18%. Such increase in costs have a huge bearing on the strategic decision of the Developer whether to set up a building for leasing or putting it to alternate use as all options would be evaluated on the anvil of IRR to the company. Due to increase in cost by 18% due to non-availability of ITC, leasing options will never stand a chance against the opportunity cost of the Developer with other options.</li> <li><b>We humbly submit that the challenge in supreme court made by the Department should be withdrawn in the interest of larger growth potential of the country which is hampered currently due to the interpretation of 17(5) of CGST taken by the Department.</b></li> </ul>



<p>5.</p>	<p><b>Transfer of Development rights to be treated akin to sale of land:</b></p> <ul style="list-style-type: none"> <li>• In Mumbai, every 20 years the MCGM comes up with a DP plan for the city which designates various reservations for the city. The corporation doesn't have the money to purchase the land under the reservations from the land owner to develop it for the intended purpose. Thus started the concept of TDR. Instead of giving money to the land owner in lieu of land/reservation being handed over to the MCGM, the MCGM provided money's worth in terms of Transferrable Development rights certificate known as TDR/DRC which entitled the land owner to transfer equivalent "land rights" in terms of FSI on some other plot. Thus the land owner receives the money for the land transferred to MCGM from a private developer to whom the land owner transfers the land FSI of the TDR/certificate instead of receiving the same money directly from the MCGM.</li> <li>• It's the same as a person depositing money into a bank account and the bank issuing a debit card for the same. When the persons spend the money from the debit card, the same money is being spent through a different medium. Similarly, in this case the money received from sale of TDR is the same as money received from sale of land to MCGM as TDR is nothing but a substitute to such sale of land wherein due to the government's inability to pay money directly, it transfers the burden again from the public domain to the private domain through issuance of DRC certificate.</li> </ul> <p>Sale of TDR should be removed from the ambit of GST as its akin to sale of land or interest in land.</p>
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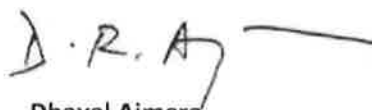
- For example a land owner has a plot of land admeasuring 10,000 sq.mtrs. on which as per DP plan 1000 sq.mtrs. is shown as DP road. The MCGM needs this plot of 1000sq.mtrs from the land owner to construct a road but doesn't have the money to purchase the 1000sq.mtrs land outright from the land owner. Hence MCGM provides a DRC certificate to the land owner worth 1000sq.mtrs. Now the land owner say sells 500sq.mtr each TDR from the DRC certificate to developer A and B respectively who will use the land rights so transferred to construct additional area on their plot as per regulations provided in DCPR 2034 which itself is a designated legislation. The money which it receives from A&B is nothing but money land owner should have received from MCGM for sale of 1000 sq.mtrs. land to MCGM. Due to its inability to expend the money directly, it transfers the burden unto private developers and hence TDR is nothing but a transaction in land and shouldn't be brought under the ambit of GST.

After our marathon meeting we are convinced that you have grasped and appreciated the issues in relation to GST which are bogging down the Real Estate Industry of Mumbai MMR and seem keen on bringing about radical change in the interest of Fairness and Growth. Since some of the issues above are peculiar to Mumbai Real Estate, we would require all our support and assistance in putting the same across to the National Committee with representatives from all states wherein the hardships faced by Mumbai MMR would need to be impressed upon the members for a logical decision in that regards.

Looking forward to your continued support for the same.

Thanking you,  
Yours faithfully,  
For CREDAI-MCHI

  
Boman Irani  
President

  
Dhaval Ajmera  
Hon. Secretary

**MANAGING COMMITTEE  
2022-2023**

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KARJAT-KHALAPUR-KHOPOLI

0/c  
**CREDAI - MCHI**

Ref. No. MCHI/PRES/22-23/375  
Date: 29/12/2022

To,  
**Shri Devendra Fadnavis**  
Hon'ble Deputy Chief Minister,  
Hon'ble Finance Minister  
Government of Maharashtra,  
Mantralaya, Mumbai

29.12.22  
लिपिक  
उपमुख्यमंत्री यांचे कार्यालय  
महाराष्ट्र शासन  
मंत्रालय, मुंबई ४०० ०३२

**Sub: Request your kind attention towards the issues pertaining to Real Estate Sector due to certain provisions of GST on real estate industry.**

Respected Sir,

We would like to highlight and bring to your notice, certain provisions of the Goods and Services Tax ('GST') applicable to the Real Estate Industry have drastically impacted the customer sentiment as well as the business viability. As a result, many real estate projects have become costly and unviable and the end customer, particularly the low and middle income groups are bearing the burnt of the same. Further, many real estate project have been stalled and there are no takers for new projects which is negatively impacting the GDP and the employment generation of State of Maharashtra.

With this background, we submit various issues at hand and the relief that is being sought, in a detailed manner. The details of issues and the relief sought along with the rationale for seeking the relief have been enclosed herewith as separate exhibits.

Your kind consideration and immediate action to our suggestions will be highly appreciated. If need be, we are ready to meet Hon'ble Dy. Chief Minister, to discuss this further.

Thanking you for your continuous support.

Yours faithfully,  
For CREDAI-MCHI

Boman Irani  
President

D. R. A.  
Dhaval Ajmera  
Hon. Secretary

Encl: As above

**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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## **ISSUES TO BE ADDRESSED FOR REAL ESTATE SECTOR**

### **I. NO GST ON THE UNITS HANDED OVER TO SOCIETY MEMBERS, SLUM DWELLERS, MHADA, AND LAND-OWNERS IN REDEVELOPMENT PROJECTS**

- As a result of rapid urbanization, metropolitan cities, as well as Tier I/ Tier II cities, face a critical constraint of scarcity of land and resources. To address the said issue, redevelopment/joint development have become essential for urban areas.
- Under the redevelopment arrangement, the developers, at its own cost, undertake redevelopment of old and dilapidated buildings (or rehabilitation of slums). The Society Members, Slum Dwellers, MHADA or landowners, etc. (collectively herein after referred to as 'Owners') are allotted the apartments in the new building and the balance inventory is sold by the developer to the independent buyers. Developer's income is the amount of money received from independent buyers minus the total cost of development, which includes the value of units handed over to the Owners.
- Furthermore, it will be pertinent to note that the developer or real estate company follows sound business practices by factoring in the cost of building flats that are given to Owners while determining the price offered to independent buyers. GST on such a pricing charged to independent customers is discharged by the developer.
- Presently, in case of redevelopment projects, GST is being levied at the rate of 5%/1%, as the case may be on the apartments handed over to Owners. Further, the value of the developer's first sale agreement is being considered as the value of apartments handed over to the Owners, for the purpose of levy of GST. Without prejudice, the services rendered to the Owners is that of Works Contract Services whereas the services rendered to independent buyers is that of Construction Services and therefore, valuation methodology is irrational, and the prices are not comparable.
- **Relief Sought:** GST on the apartments handed over to the Owners should be waived off or alternatively, suitable clarification should be issued to the extent that GST can be charged at 18% on the works contract service (valued at construction cost only) along with proportionate input tax credit for the units which are provided to the Owners.

### **II. TRANSFER OF DEVELOPMENT RIGHTS ('DR') TO BE TREATED AKIN TO SALE OF LAND.**

- To address the issue of land scarcity in metropolitan cities such as Mumbai and to avoid large sum getting blocked in the purchase of land, the developer undertakes joint development and redevelopment project, wherein the landowner or society transfers the land (via DR transfer) to the developer who uses its expertise in construction/development of a project, and accordingly, jointly, the landowner/Society and the developer, develop the project for the end customer.
- When the aforementioned transaction is closely examined, it becomes clear that, regardless of the nomenclature employed, the transfer of DR involves the transfer of land to the developer, who then sells the land to the end users who buy the apartments in the Project. In view of the above, the transfer of DR should be treated as akin to sale of land, and GST should not be exigible on the same.
- **Relief Sought:** The transfer of DR should be treated as akin to sale of land, and GST should not be exigible on the same or alternatively, an un-conditional exemption should be given to

all types of grant of DR, long term lease premium arrangements, transfer of DR by way of DRCs with retrospective effect

### III. RECONSIDERATION OF THE DEFINITION OF 'AFFORDABLE HOUSING'

- At present, the residential apartment fulfilling the following criteria are classified as 'affordable apartments under GST':

Particulars	Conditions
<b>Metropolitan Cities</b>	Carpet area < 60 sq.m
	<b>Gross amount &lt; INR 45 lakhs</b>
<b>Non-metropolitan cities</b>	Carpet area < 90 sq.m
	<b>Gross amount &lt; INR 45 lakhs</b>

- The cost of constructing residential apartments includes various costs such as the cost of land, the cost of materials such as cement, sand, and so on, as well as the component of labour charges. The cost of land, as well as materials such as cement, sand, and bricks, has risen dramatically in recent years. Labor costs have also risen significantly. With no ITC available to the developer, the GST paid on the procurement of these goods and services adds to the developer's over-cost burden, resulting in an increase in the price of the apartment. As a result, while the majority of residential projects meet the criteria of constructing residential apartments within the prescribed carpet area, these projects fall outside the definition of affordable housing due to the gross value limit of INR 45 lakhs.
- It is also worth noting that the Government has introduced a number of schemes for affordable housing, most of which have only one requirement: the size of the floor. However, for GST, an additional condition of a monetary limit of INR 45 lakhs has been imposed, which eventually is not benefiting and thereby not able to achieve the real purpose of the introduction of the lower rate of tax.
- Therefore, while there is a restriction in terms of carpet area and rightly so, the monetary limit of INR 45 lakhs on the value of flats is not commensurate with the costs related to it in the present times and the same should either be abolished or enhanced, which in turn will help to bring more projects under its ambit and let a greater number of people avail the benefits offered.
- Relief Sought:** Definition of affordable apartment should be reconsidered in as much as the condition of limit of gross value should be removed. Alternatively, the limit of such gross value should either be enhanced for metropolitan cities or separate limit should be stipulated regionally

### IV. OPTION TO CHOOSE BETWEEN SCHEME of 12% GST (8% FOR AFFORDABLE HOUSING) WITH ITC AND COMPOSITION SCHEME OF 5% (1% FOR AFFORDABLE HOUSING) WITHOUT ITC.

- The developer is not permitted to claim the credit for input tax paid during the process of acquiring goods and services under for Project starting 01.04.2019 onwards. The majority of Goods & Services purchases made in the Real Estate business is liable to 18% GST. Since no advantage from input credit is permitted now that the composition plan has been implemented, this has led to a corresponding increase in building costs. This is leading in the increase of cost which is being eventually passed on to the consumers. The fundamental goal of providing society with inexpensive and middle-class homes is thus defeated. This would also be against the spirit of the GST Act which provides for free flow of credit across the supply chain and leads to double taxation.
- **Relief Sought:** It is respectfully submitted that, regardless of whether the Project is residential or commercial, the developers should be given an option to choose between 12% GST rate with ITC (Assessment scheme) and 5% GST rate without ITC (Composition Scheme).

**V. GRANT OF BENEFIT OF ITC IN CASE OF THE CONSTRUCTION OF COMMERCIAL PROPERTY MEANT FOR LEASE AND LICENSE:**

- There are primarily two commercial real estate models: Lease Models and Sale Models (referred to collectively as "Models"). The transaction in both Models is similar in the sense that GST is levied on the output supply in both Models. When a commercial property is built with the intention of renting it out, the government receives a new stream of GST revenue from the rentals generated by the leasing of the commercial property, albeit over time. However, the authorities have treated both Models differently in terms of the availment of the ITC of the GST paid on the inputs and input services consumed in the construction of the property. Such disparity has a cascading effect on the construction costs incurred for commercial properties intended to be leased, rendering the Lease Model completely unviable for developers. Furthermore, the denial of ITC results in double taxation of the same transaction, i.e., GST is paid at 18% on the inputs consumed in the construction of the building, and GST is discharged at 18% on the rentals generated from the leasing of the apartments in the same building. Reference can also be made to the case of Safari Retreats Private Limited vs. Chief Commissioner of CGST [TS-350-HC-2019(ORI)-NT], wherein the Hon'ble Orissa High Court holds that the input tax credit for goods and services used in the construction of the mall cannot be denied under Section 17(5)(d) of the Central Goods and Services Tax Act, 2017 ('CGST Act').
- Therefore, to ensure free flow of ITC, avoid double taxation, and aid commercial real estate developers in leasing business by bringing in parity, it is necessary to allow ITC in the case of commercial properties intended to be leased. This would also help India preserve its competitive edge over other nations where the cost of real estate is higher and thereby attracting industries, including startups and information technology. It would also strengthen the office market. This will provide India a competitive advantage.

**VI. Relief Sought:** A suitable clarification be issued allowing the commercial real estate developers to set off GST paid on goods and service used in construction of commercial property for leasing.

**VII. ISSUANCE OF CLARIFICATION IN RELATION TO THE AVAILABILITY AND VALIDITY OF THE BENEFIT OF CONCESSIONAL RATE OF GST UNDER ENTRY 3(IE) OF THE RATE NOTIFICATION**

- On the recommendation of the GST Council at its 47th meeting, CBIC has issued Notification No. 03/2022- Central Tax (Rate), dated 13.07.2022('Notification') thereby amending the Rate Notification. The Notification has inter alia omitted the Entry 3 (iv), (v), and (vi) (hereinafter collectively referred to as the 'Deleted Entries') of the Rate Notification, administering the

concessional rate of GST on the composite supply of works contract services provided with respect to specified projects inter alia undertaken under specific schemes, namely, Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana etc.

- It is pertinent to note that, Vide Notification no. 3/2019 – Central Tax Rate, dated 29.03.2019 ('Notification no. 3/2019'), the promoter was given benefit of concessional rate of GST inter alia under Entry 3(ie) of the Rate Notification, on the output supply of construction services provided qua any of the schemes specified in the Deleted Entries. With the amendment to the Rate Notification, the Deleted Entries specified in the Entry 3(ie) of the Rate Notification have been omitted. In consequence thereof, an ambiguity prevails as to the validity and availability of concessional rate of GST to the promoter providing construction services qua the schemes specified in the deleted Entries 3(iv), 3(v) and 3(vi).
- In this regard, the following factual position may assume importance
  - (a) Entry 3(ie) of the Rate Notification has not been omitted and hence it continues to remain available, subject to fulfilment of other conditions. Had the intention been to discontinue the benefit under the said Entry 3(ie), the same would have been explicitly provided.
  - (b) The schemes mentioned in the deleted Entries 3(iv), 3(v) and 3(vi), qua which the benefit is given in Entry 3(ie), are still valid and have not been discontinued.
  - (c) The benefit under Entry 3(ie) is not inter-connected to the Deleted Entries
- We would like to most humbly submit that housing has always been a top priority for the Government, and this is clear from the different programmes that it has come up with over the years. Under the "Pradhan Mantri Awaas Yojna," the government has made several plans, such as "In-situ slum re-development," "Credit-Linked Subsidy Scheme," and the "Maharashtra Housing Development Corporation," in order to reach its goal of "Housing for All" by 2022. Also, different tax breaks have been announced for affordable housing under the Income Tax Act. The goal of all of the above programs and benefits has always been to make housing affordable and easy for everyone in the country to get. However, the deletion of these entries under GST Law, combined with an increase in construction and land prices, and the fact that no credit is available to the developer, has resulted in one of the most significant impediments to the Government's goal of 'Housing for All'
- **Relief Sought:** It is humbly stated that the validity of the Entry 3(ie) of the Rate Notification can be certainly construed from the aforementioned factual position. However, in order to avoid interpretational differences and confusion, we humbly request that a suitable clarification be issued elucidating that the Entry 3(ie) of the Rate Notification is still valid and the benefit of concessional rate of GST provided therein is still available to the promoters

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Ref: No. MCHI/PRES/22-23/332

Date: 12/10/2022

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

**Subject: Representation regarding key issues faced by the real estate sector under GST in Mumbai and Mumbai Metropolitan Region ('MMR')**

**Ref: Notification No. 3/2019 and No. 4/2019 both dated 29.03.2019**

Respected Sir,

At the outset we introduce ourselves as CREDAI – MCHI, the apex body for private real estate developers in Mumbai and MMR. We represent the voice of thousands of our real estate member developers engaged in business of construction of residential/commercial/warehousing/mix use buildings including undertaking redevelopment projects such as Slum Redevelopment, MHADA redevelopment, redevelopment of dilapidated buildings etc in Mumbai and MMR region of Maharashtra.

We would like to draw your attention to two issues with respect to the levy of Goods and Services Tax ('GST') that are specifically impacting real estate development in Mumbai and the MMR region.

**1. Units handed over to Slum Dwellers / Members of Cooperative Societies (free of cost) by a Developer under Re-Development / Slum Rehabilitation schemes**

- 1.1 With scarcity of land and a large quantum of old and dangerously dilapidated buildings and large slum pockets in certain metros, Re-development of old buildings or rehabilitation of slums is a highly common development model. Here existing members/residents as part of the redevelopment schemes are allotted units free of cost by the developer in the New Development and the balance inventory is available to the developer for free sale in the open market.
- 1.2 The GST department is seeking to charge GST on the notional value of flats given free of cost to the old tenants/occupants/slum dwellers even though the flats are given without any consideration and GST on the sale value of flats sold to customers is already being charged and discharged by the developers which value already includes the value of flats given to existing tenants/occupants/slum dwellers, ingrained in the same.
- 1.3 This GST liability works out to be a very huge sum and since the Slum Dwellers and/or Society members are unable to bear this cost, the developer has to bear the burden of this GST cost which makes such projects unviable. It is as a result of this GST implications that most of the new redevelopment schemes are stuck and the Developers are unable to carry out such projects. As a result the Government is losing huge potential GST revenue which would be earned if such projects take off. It is important to highlight that, a lot of Members are living in old and dangerously dilapidated buildings as a result of a complete dead lock in such redevelopment schemes due to non-viability. The delay caused in the redevelopment of such dilapidated buildings is resulting in their collapse and grave loss of human life and property.

**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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1.4 At this point, it is also important to understand that the value of consideration received from the purchasers of the Developer's free sale units, include the value of cost incurred towards construction done for Slum Dwellers / existing members, which is nothing, but value of constructed area handed over to the Slum Dwellers / existing members. Given this, the units handed over to the Slum Dwellers / existing members under any Rehabilitation and Redevelopment schemes should not be subject to any GST. This is also accepted by Hyderabad CESTAT in case of Vasantha Green Projects vs CCT, GST (Appeal No. ST/31095/2017) and several other decisions.

1.5 **Recommendation:** GST should not be levied on units handed over to the existing members / slum rehabilitation schemes free of cost and a clarificatory circular/notification to that effect should be issued that GST is and never was applicable/chargeable on flats given free of cost to existing tenants/slum dwellers/occupants as the value of such flats is already ingrained in the value of flats sold in the open market which are subjected to levy and payment of GST.

## 2. **Taxability of Transfer of Development Rights Certificate (DRC)**

2.1 This is a commonly adopted method by the Government for compensating a landowner for acquisition of his land that is required by the Government for public purpose. Essentially, in lieu of the acquisition of the land, rights for constructing built-up area proportionate to the value of the land acquired is provided by the Government to the Landowners by way of a Development Rights Certificate ('DRC'). This DRC can be used (fully or partly) by the Landowners himself for constructing a building or can be freely transferred to any other Person / Developer. Further, the DRC effectively represents permission to construct a specified built-up area over and above the inherent FSI of the land as provided by the applicable development control regulations. This is nothing but a transaction akin to Sale of ownership rights in the Land. It is only because the government does not compensate the Land Owner in monetary terms does the Land Owner have to monetise the DRC by selling the same in the open market.

2.2 Reference is made to other allied laws wherein 'benefit' arising from the land has always been included within "land" or "immovable property". This includes:

- Real Estate (Regulation and Development) Act, 2016 - "Immovable property" includes land, buildings, rights of ways, lights **or any other benefit arising out of land** and things attached to the earth or permanently fastened to anything which is attached to the earth, but not standing timber, standing crops or grass
- General Clauses Act, 1987 - "Immovable property" shall include land, **benefits to arise out of land**, and things attached to the earth, or permanently fastened to anything attached to the earth
- Land Acquisition Act, 1894 - The expression "land" includes **benefits to arise out of land**, and things attached to the earth or permanently fastened to anything attached to the earth.
- Also, various judicial pronouncements have been made regarding benefits arising out of land and such decisions are in tandem with above acts. Few of the citations are:
  - ✓ DLF Limited vs Gurgaon I, Chandigarh Bench of tribunal;
  - ✓ Bahadur & other Vs. Sikandar MANU/UP/0016/1905;
  - ✓ Ananda Behera Vs. State of Orissa AIR 1956 SC 17;
  - ✓ Smt Dropadi Devi Vs. Ram Das AIR 1974 All 473;
  - ✓ Sadoday Builders (P) Ltd Vs. Jt Charity MANU/MH/0791;
  - ✓ Chheda Housing Development Corpn Vs. Bibijan Shaikh 2007 (2) Bom CR 587

- 2.3 Vide Notification No. 4/2019 of Central Tax dated 29.03.2019, Transfer of DRC, (in case where residential apartments are being constructed on such land), the Promoter/Developer of such project where such DRC is utilized, has to pay GST at the rate of 18% on the value of the DRC (under reverse charge mechanism), proportionate to the area in the project remaining unsold at the time of issuance of occupancy certificate or first occupation whichever is earlier.
- 2.4 In case of development of a commercial project such GST @ 18% on the value of the DRC has to be paid upfront at the time of sale of such DRC.
- 2.5 Under GST law, as per Schedule III, no GST is levied on sale of land. It is submitted that transfer of DRC be treated as akin to sale of (right in) land and hence, no GST should be levied on the same.
- 2.6 **Recommendation:**
- It should be clarified that any transaction of transfer of DRC should be viewed as akin to sale of land and hence, should be included in Schedule III of the CGST Act. Accordingly, there should be no GST implications on the same, either on the landowner or the Developer.
  - If not included under Schedule III, an un-conditional exemption should be given to all types of grant and transfer of DRCs.


**CREDAI-MCHI** sincerely believes that the above immediate relief measures would enable the Real Estate Sector to tide over the present crisis, remain afloat and ensure its sustenance and stability. The suggested relief measures would also pave the way for the robust growth of this crucial Sector and also in achieving the dream of Hon'ble PM of 'Housing For All by 2025'.

**CREDAI-MCHI** sincerely hopes that the suggestions for the immediate relief measures outlined above will be considered positively and the suggested measures will be announced expeditiously. We shall be grateful if an opportunity is provided to discuss the suggested measures via Video Conferencing or in person, on a suitable date and time, as may be advised.

We request you to take the above submissions into consideration in the upcoming GST council meeting and provide the much needed relief to the real estate sector.

Thanking you.

Yours faithfully,  
For **CREDAI-MCHI**



**Boman Irani**  
President



**Dhaval Ajmera**  
Hon. Secretary

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**CREDAI-MCHI**

Ref: No. MCHI/PRES/22-23/331

Date: 10/10/2022

To,  
Shri Vivek Johri ji,  
Chairman,  
Central Board of Direct Taxes,  
Government of India.

**Subject: Issuance of Clarification in relation to availability and validity of the benefit of concessional rate of GST under Entry 3(ie) of the Rate Notification.**

Ref: Notification No. 03/2022- Central Tax Rate dated 13.07.2022

Respected Sir,

At the outset we, CREDAI-MCHI introduce ourselves as an apex body for private Real Estate Developers in Mumbai Metropolitan Region (MMR). We represent the voice of thousands of our real estate member developers engaged in business of construction of residential/commercial/warehousing/mix use buildings including undertaking Redevelopment projects such as Slum Redevelopment, MHADA redevelopment, redevelopment of dilapidated buildings etc. in the Mumbai, MMR region of Maharashtra.

We would like to draw your attention towards Notification No. 03/2022- Central tax rate dated 13.07.2022, wherein Entry (iv), (v) & (vi) which provided for concessional rate of GST on composite supply of works contract services with respect to specified projects like Housing for all, PMAY projects or projects granted Infrastructure status etc, were deleted.


Entry 3(ie) was introduced vide Notification 03/2019 dated 29.03.2019 providing for concessional rate of GST if the projects undertaken by them were under any schemes mentioned in Entry 3 (iv), (v) & (vi).

It is our understanding that basis the relevant judicial precedents, the principle of incorporation by reference and the manner in which the amendments are carried out, the deletion of Entry 3 (iv), (v) & (vi) shouldn't preclude the promoter from charging concessional rate of GST on under construction flats sold to its customers as the Entry 3(ie) was not amended/alterd/deleted vide the said notification. It may also be worthwhile to mention that the intention of this amendment cannot be to put the end users in a disadvantageous position by making the units more expensive especially when such schemes are made with the intent of providing the basic necessity of housing.

We have attached the in depth explanation articulating the situation. It is our humble request to kindly issue a clarification affirming that Entry 3(ie) is still valid and the benefit of concessional rate continues to be available under the said Entry.

We request your urgent and immediate intervention in this matter.

Yours faithfully,  
For CREDAI-MCHI

  
Boman Irani  
President

  
Dhaval Ajmera  
Hon. Secretary

CC

- 1) Shri Manoj Kotak, Hon'ble Member of Parliament,  
Member of Parliamentary Standing Committee on Finance & Commerce

Maharashtra Chamber of Housing Industry

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**DETAILED REPRESENTATION**

By virtue of this representation, we wish to draw your attention to the possible misinterpretation, ambiguity and lack of clarity that may prevail in relation to the effect of the amendments made vide Notification No. 03/2022- Central Tax (Rate), dated 13.07.2022 ('Notification') amending Notification No. 11/2017-Central Tax (Rate), dated the 28.06.2017('Rate Notification') as per the recommendation of the GST Council at its 47<sup>th</sup> meeting.

**A. AMENDMENTS MADE TO THE RATE NOTIFICATION**

1. On the recommendation of the GST Council at its 47th meeting, CBIC has issued the Notification thereby amending the Rate Notification.
2. The Notification has *inter alia* omitted the Entry 3 (iv), (v), and (vi) (hereinafter collectively referred to as the 'Deleted Entries') of the Rate Notification, administering the concessional rate of GST on the composite supply of works contract services provided with respect to specified projects *inter alia* undertaken under specific schemes, namely, Housing for All(Urban) Mission/Pradhan Mantri Awas Yojana, Infrastructure Status etc.

**B. POSSIBLE MISINTERPRETATION, AMBIGUITY AND LACK OF CLARITY**

3. It is pertinent to note that, Vide Notification no. 3/2019 – Central Tax Rate, dated 29.03.2019 ('Notification no. 3/2019'), the promoter was given benefit of concessional rate of GST *inter alia* under Entry 3(ie) of the Rate Notification, on the output supply of construction services provided qua any of the schemes specified in Entry 3(iv) (b), (c), (d), (da) and (db); Entry 3(v) (b), (c), (d) and (da); and Entry 3 (vi) (c).
4. While Entry 3(ie) has remained unchanged even after the Notification, the Entries specified in the Entry 3(ie) of the Rate Notification have been omitted. In consequence thereof, there is a possibility / likely confusion as to the validity and availability of concessional rate of GST to the promoter providing construction services qua the schemes specified in the Deleted Entries 3(iv), 3(v) and 3(vi).
5. In this regard, the following factual position may assume importance: -
  - (a) Entry 3(ie) of the Rate Notification has not been omitted vide the Notification and hence it continues to remain available, subject to fulfilment of other conditions. Had the intention been to discontinue the benefit under the said Entry 3(ie), the same would have been explicitly provided.
  - (b) The schemes mentioned in the Deleted Entries 3(iv), 3(v) and 3(vi), such as Housing for All(Urban) Mission/Pradhan Mantri Awas Yojana, Infrastructure Status etc. qua which the benefit is given in Entry 3(ie), are still valid and have not been discontinued.
  - (c) The benefit under Entry 3(ie) is not inter-connected to the Deleted Entries and has been used only for the reference purpose to clarify which scheme will be eligible for concessional rate. It is a settled law by the Hon'ble Apex Court in a plethora of cases that if it is a legislation by incorporation, the rule of construction is that repeal of the earlier statute which is incorporated does not affect operation of the subsequent statute in which it has been incorporated.

**C. PRAYER:**

6. It is humbly stated that the concessional rate to the developer vide Entry 3(ie) of the Rate Notification continues as can be certainly construed from the aforementioned factual positions. However, in order to avoid interpretational differences and confusion, we humbly request that a suitable clarification be issued elucidating that the Entry 3(ie) of the Rate Notification is still valid and the benefit of concessional rate of GST provided therein is still available to the developer.

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2022-2023

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KARJAT-KHALAPUR-KHOPOLI



Ref: MCHI/PRES/22-23/313

Date: 07.09.2022

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.  
Tel: 42121421, Fax: 4212 1411/407 Email: secretariat@mchi.net Website: [www.mchi.net](http://www.mchi.net)

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**

Sr. No	Issue	Existing Provision/Department interpretation	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 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.	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.  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.
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.

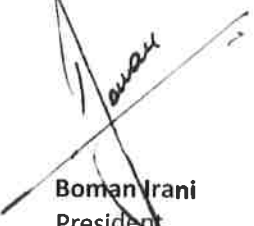
5.	Grant of benefit of ITC in case of the Construction of Commercial Property meant for leave and license.	Input tax credit of the cost of construction incurred for development of a commercial property or any repairs carried out is not available for set off against the GST charged on the rent/lease income 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 continuous support

Thanking you,

**Yours faithfully,  
For CREDAI-MCHI**

  
**Boman Irani**  
President

  
**Dhaval Ajmera**  
Hon. Secretary