

# Realtors differ over GST impact on housing prices

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Real estate boodies Naredco and Credai today gave contrasting assessments of the impact of GST on housing prices, highlighting the prevailing confusion in the sector regarding the new indirect tax regime.

While Naredco maintained that there will be no inflationary impact on housing prices once the GST kicks in from 1 July, Credai said the cost to end consumers will rise unless the government provides abatement on land.

Naredco said the actual tax incidence under GST would match or be lower than the existing multiple indirect taxes on the sector. "There will be no inflationary pressure on housing prices," Naredco chairman Rajeev Talwar told reporters here.

The GST Council has finalised tax rate of 12 per cent on construction of a complex, building or civil structure for sale to a buyer.

The current indirect tax rate on the sector is also in the range of 9-11 per cent, including service tax and VAT.

Mr Talwar, who is also the CEO of DLF Ltd, sought clarity on GST rate for construction of commercial properties for lease purpose.

Naredco president Parveen Jain said tax incidence will not increase either for the buyers or developers.

However, Credai said that stamp duty would continue to be applicable even after implementation of GST.

"The additional burden on real estate on account of stamp duty averages between 5-8 per cent of the value of the immovable property... Unless abatement for land is allowed,

cost to the end consumer would go up," Credai president Jaxay Shah said in a statement.

"Whereas for all other sectors GST is their total indirect tax liability, for real estate the GST rate fixed at 12 per cent is only a fraction of its tax burden. Real estate sector is exceptional because GST regime does not eliminate multiple taxation," Mr Shah said.

Impact on travel: Disallowance of input tax credit on inputs (excluding services) for economy class, finalised in the GST, is likely to put pressure on airlines, Ica said. "With airlines generating a major portion of their revenues from economy class, disallowance of input tax credit on inputs (excluding services) for economy class will result in an additional cost to them," said Ica AVP and co-head, corporate sector ratings Kinjal Shah.