

**F. No. 354/32/2019-TRU
Government of India
Ministry of Finance
Department of Revenue
(Tax research Unit)**

**Room No. 146G, North Block,
New Delhi, 24th June, 2020**

To

**The Principal Chief Commissioners / Chief Commissioners / Principal Commissioners /
Commissioners of Central Tax (All)
The Principal Director Generals / Director Generals (All)**

Madam/Sir,

Subject: Payment of GST by real estate promoter/developer supplying construction of residential apartment etc, on the shortfall value of inward supplies from registered supplier at the end of the financial year– reg.

A revised GST rate has been prescribed, w.e.f. the 1st April, 2019 on the supply of service by way of construction of residential apartment. Under this, construction of affordable residential apartments attract GST at the rate of 1% [without ITC] and other residential apartments attract GST at the rate of 5% [without ITC]. (These rates have been prescribed *vide* Notification no. 11/2017- Central Tax (Rate) dated 28.06.2017 as amended by Notification no. 3/2019- Central Tax (Rate) dated 29.03.2019).

2. One of the condition prescribed *vide* said notification is that atleast eighty per cent. of value of input and input services, [other than services by way of grant of development rights, long term lease of land or FSI, electricity, high speed diesel, motor spirit, natural gas], used in supplying the construction service, shall be received by the promoter/developer from registered supplier only. In case of shortfall from the said threshold of 80 per cent., the promoter/developer shall pay the tax on the value of input and input services comprising such shortfall in the manner as has been prescribed *vide* said notification. This tax shall be paid through a prescribed form electronically on the common portal by end of the quarter following the financial year. Accordingly for FY 2019-20, tax on such shortfall is to be paid by the 30th June, 2020.

3. In the above context, requests have been received seeking details of prescribed form on which the said tax amount has to be reported.

4. The issue referred by the trade has been examined. It has been decided that FORM GST DRC-03, as already prescribed, shall be used for making the payment of such tax by promoter/developer. Accordingly, person required to pay tax in accordance with the said notification on the shortfall from threshold requirement of procuring input and input services (below 80%) from registered person shall use the form DRC-03 to pay the tax electronically on the common portal within the prescribed period.

5. It is requested that suitable instructions may be issued by the States/ field formations of CBIC to advise the trade accordingly.

Yours Faithfully,

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