

Realtors seek input tax credit on GST

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The Confederation of Real Estate Developers Associations of India, or Credai, on Tuesday demanded that input tax credit (ITC) under the GST regime should be allowed for developers, and this could help in reducing housing prices by 10 per cent.

Credai, a 13,000-member developers body, has urged the central government to facilitate the ITC for real estate developers under the composite scheme of GST.

“Owing to the prevailing exorbitant construction costs, Credai strongly believes that such a move could rationalise housing prices by 10 per cent and

spur the supply of affordable housing projects across Tier I markets,” the association said in a statement.

There is a GST of 5 per cent without ITC on under-construction flats. On affordable housing, the GST is one per cent without ITC. No GST is charged on completed units.

Credai demanded that the government should allow developers to choose between a 12 per cent GST rate with ITC (assessment scheme) and a 5 per cent GST rate without ITC (composition scheme).

Considering the average housing rates across India range between Rs 4,000 and Rs 4,500 per square foot, the absence of ITC leads to an increase in housing prices

by Rs 400-450 per sq ft.

Credai also pointed out that 28 per cent GST on cement diminishes the viability of many affordable housing projects.

“The real win-win situation for both buyers and developers would have been if the ITC benefit was also included within the existing 5 per cent GST rates,” Anuj Puri, chairman, Anarock, said.

Else, he said, the government should reduce GST rates on cement and steel.

Atul Banshal, CFO at Experion Developers, said the GST being indirect tax is always a pass-through and denying the same has only resulted in an increased price for consumers.