



PRESS RELEASE

NAREDCO seeks rationalization of GST on under-construction properties, presents its pre-budget memorandum to the government

- *Suggests effective GST @ 6%, which, after the Input Tax Credit (ITC) will become tax neutral for the end consumers*
- *Suggests extension of 80IBA provisions for affordable housing upto 200 sq mtr carpet area*
- *Suggests promotion of rental housing and improvement in effective rate of return from rental housing through tax incentive*
- *Suggests Government and lending institutions to devise ways to revive stressed projects*
- *Global Housing Technology Challenge – India, being organized on 1st & 2nd March 2019 to shortlist sustainable technologies to speed up housing construction and improve quality, first time in India*

New Delhi, 22nd January 2019: National Real Estate Development Council (NAREDCO), an apex body of real estate sector, has requested Government to address the key concerns of the real estate industry and home buyers, offer tax incentives across housing segments and boost buyer's confidence through a slew of measures in the upcoming interim Union Budget 2019-20.

NAREDCO, the national apex body of real estate sector, has presented its pre-budget memorandum to Ministry of Finance and Ministry of Housing and Urban Affairs, Govt. of India, where in it has put forward its recommendations for the consideration of the Government.

Commenting on the recommendations, **NAREDCO President, Mr. Niranjan Hiranandani** said, "The real estate sector is passing through a difficult phase because of some harsh, though progressive, regulatory and financial reforms under taken by the Govt. in last two years, such as Demonetization, RERA, GST and Insolvency and Bankruptcy codes and NPAs of banks and NBFCs going up because of banking reforms. A number of measures, to improve liquidity and rationalization of GST for under-construction properties, suggested by NAREDCO in its pre budget memorandum, will help address the concerns of the industry to a large extent."

"NAREDCO's key demand is to rationalize GST rate on under construction properties by bringing it down from 18% to 8% slab with land abatement.

"NAREDCO recommendations have been formulated after several rounds of deliberations and consultations with all concerned and reflect the pain points of the industry and buyers. These, if accepted, will eliminate everyone's concerns in the industry and bring back buyer's confidence in the market," **Hiranandani added.**

NAREDCO Chairman, Mr. Rajeev Talwar said, "The scope of Section 80IBA of IT Act 1981, which allows a deduction equal to 100% of profits and gains derived from the affordable housing project, should be widened by bringing all categories of affordable housing meant for EWS, LIG, MIG-I & MIG-II under its purview. The memorandum also suggests that 80IBA should include projects approved on or after the 1st day of June 2015, when PMAY was launched, instead of 1st June 2016 prescribed, and its applicability extended to projects upto 200 sq mtr carpet area, instead of the current limit of 30 sq mtr for four metros and 60 sq mtr for other cities, to cover all segments of home buyers. This is imperative to achieve the Government target of 'Housing for All' by 2022."



“NAREDCO has also recommended reduction in FAR/FSI utilization, prescribed in Section 80IBA, to 50% from 90% and 80% prescribed for four metros (Delhi, Mumbai, Chennai and Kolkata) and, other cities respectively” to make it workable **added Talwar.**

“To add to the supply of housing, NAREDCO has also suggested bringing the services of companies engaged in the business of rental housing under the ambit of Section 80IBA and increasing deduction limit from rental income, under Section 24(a), from current 30% to 50% for general category and 100% for handicapped persons, women and senior citizen”, **Mr. Talwar added.**

Highlighting the key concern of the industry, the memorandum has raised the issue of stressed assets in the form of land parcels and delayed projects which have troubled the sector and home buyers for long. “Stressed assets have been a cause of concern for developers as well as home buyers, who are struggling to get possession of their booked properties. This can become an opportunity if Government and lending institutions come forward and arrange required fund to complete the stalled projects. NAREDCO calls upon Government, banking institutions and other lenders to infuse liquidity and revive stalled projects,” said **NAREDCO Vice Chairman Mr. Parveen Jain.**

“Other key recommendations include exemption from tax on notional rental income from housing units held as stock-in-trade, exemption from Capital Gain, under section 54, if sale proceed is used to buy houses one or more, increasing limit of interest deduction, under the Section 24(b), to INR 3 lakh from INR 2 lakh and inclusion of stamp duty within the purview of GST” added **Mr. Parveen Jain.**

National Real Estate Development Council (NAREDCO), an apex body of real estate sector & **Ministry of Housing and Urban Affairs; Govt. of India** jointly organizing the first **Global Housing Technology Challenge – India**, on 1st & 2nd March 2019, at Vigyan Bhawan, New Delhi. NAREDCO, as Knowledge Partner, has taken the responsibility for execution of this global event. The program involves Conference and Expo on new housing technologies, from across the globe. Aim is to shortlist potentially sustainable technologies for different geographical regions of India and use them to demonstrate their viability with regards to sustainability, adoptability, speed and quality. This is going to be the biggest game changer in the way housing construction is done in India and help in making up of the huge short fall, that exist, in the shortest possible time.

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About NAREDCO

National Real Estate Development Council (NAREDCO), is the apex body of real estate sector, under the aegis of Ministry of Housing and Urban Affairs, Govt. of India. Shri Hardeep Singh Puri, the Hon'ble Minister of State (Independent Charge) Ministry of Housing and Urban Affairs, is its Chief Patron and six Joint Secretary level officers from Central Govt. and Central PSUs are on its Governing Board. Housing and Urban Development Corporation (HUDCO), National Housing Bank (NHB), National Building Construction Corporation (NBCC), DDA, LIC HFL, PNB HFL, HDFC, Cement Manufacturers Association besides leading developers like DLF, K Raheja, Hiranandani, Prestige, Shriram Properties, Tata Housing, Dewan Housing Finance, etc are the founders of NAREDCO. Objectives of NAREDCO interalia include promotion of housing and real estate sector in India and inculcate transparency and accountability for the benefit of the customers. NAREDCO and its State Chapters work in close cooperation with Central and State Govts. to achieve above objectives.



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