FICCI Budget Recommendations (2021-22)

HOUSING & REAL ESTATE

S.No	Issues	Suggestions	Justifications
I. Indirect Tax			
1.	GST tax rates on material	Rationalising GST rates for raw materials such as cement, tiles, etc. to lower slabs of 12-18%. Allow for even lower rates for green materials and those specifically used for affordable housing projects.	Higher input materials will not allow for great flexibility to developers to pass on benefits to homebuyers. Lower GST incidence on green materials shall help in the sustainability initiative and reduce carbon footprint.
2.	GST on real estate and Stamp Duty and registration to be subsumed under GST	Bring entire real estate lifecycle under GST subsuming all other indirect taxes	Extra Stamp duty pay and registration payment increase the tax burden and make home purchase unaffordable
3.	GST on under-construction property	Allow for higher abatement on land values in the large metros or defined areas to allow for GST rate to be lower than 12% effectively. Alternatively, reduce the GST rate in case stamp duty and registration charges are not subsumed within GST	Land in the large cities usually makes up around 40-60% of the project cost. Lower GST rate will at least allow for tax incidence on purchase of under-construction property to be at least like the previous VAT + service tax regime and allow for similar tax output from buyers. This will allow for lower tax outflow after keeping in mind the Input Tax Credit benefit that will be passed on to the buyers.
4.	Anomalies in the GST Structure	Remove the anomaly of calculating tax under the GST structure	After the application of GST, developers are not able to recover the entire cost spent by them on the taxes. The tax recovery from the buyers at the time of sale is less

			than what they had spent originally. In order to fill this deficit, the developers are forced to increase the price of the apartment which has a roll-over impact on the final price of the product and hence adds up to the financial burden on the affordable housing buyer
5.	Deemed deduction of 1/3rd of the consideration towards land	Rationalisation of deduction for land in projects in Metro cities. The property prices are directly linked with land i.e. location of property, so property prices vary from city to city or location to location depending upon the location of the property. Therefore, it is essential to prescribe higher percentages of land abatement in metro cities.	It is agreed position that the transfer of land is not liable for the GST. For the real estate developers the land cost differs from location to location and also type of the property (residential or Commercial). In case of projects development in metro cities the total land value may be much higher than $1/3^{rd}$. Govt. shall carry out the study of the average land value for projects in the Metro cities and non-metro cities and accordingly re-fix the limit for deduction of land cost. Alternatively, developers may be given an option to deduce the actual value of land on the date of entering into agreement with the buyer of premises.
6.	GST on transfer of land on very long term lease	Govt. should issue clarification / circular to clarify that transfer of lease rights from local authorities (like MMRDA, NOIDA, CIDCO) etc. shall not be liable for GST.	Transfer of leasehold rights from local authorities are in effect transfer of land itself and also liable for stamp duty. The lease hold rights are given for period ranging from 60 yrs to 99 yrs. The consideration payable against the same are almost equal to the market value of the land. Recently Bombay HC in the case of CIDCO held that onetime payment of premium against leasehold rights shall be liable for GST.

7.	Taxability of Development Rights under a Joint Development Agreement (JDA)	Development rights should be treated at par with land and any transfer of development rights should form part of Schedule III and not be subject to Goods and Services Tax (GST)	Development rights are right arising from the immovable property. In a Joint Development Agreement, the intent of the parties is to transfer the undivided share in land to the ultimate buyer. The grant of development rights is merely procedural in nature, so as to allow the Developer to undertake his responsibilities under the JDA. A JDA is not a contract simplicitor for only transferring the development rights on a standalone basis. As sale of land is excluded from the purview of GST in terms of Schedule III of Central GST Act, the development rights related thereto also should be treated at par and not subjected to GST at all.
8.	Time of supply for paying GST on development rights in case of Revenue Share model, in case it is Government's intent to tax development rights granted under a Joint Development Agreement (JDA)	The option to defer payment of tax on transfer of development rights as made available to area share arrangements under Notification 4/2018 should be extended to Revenue Share models of JDA as well	Notification 4/2018 provided for deferring GST on transfer of development rights till allotment of the units by the Developer to the Land Owner in case of area share arrangements. However, the same has not been made applicable to 'revenue share' models. In absence of the Notification benefit to revenue share arrangements, levy of GST on development rights upfront at the time of signing of the JDA would have adverse cash flow implications for the parties involved. In view of the same, assuming Government's intent is to tax grant of development rights under JDAs, it is represented that the Government extends the benefit of deferral of GST in

			case of revenue share model also, which has already been provided for transfer of development rights in an area share model.
9.	Valuation of development rights for GST purposes, in case of a Joint Development Agreement, in case it is Government's intent to tax development rights granted under a Joint Development Agreement (JDA)	Clear guidelines or a clarification is required on the value that should be attributed to the development rights on which GST needs to be paid (given that there is no identified cash consideration for the same). Possible options that can be considered are – 1. Value of development rights as fixed by State Revenue authorities for stamp duty purposes, apportioned in the ratio of Developer's share in the project 2. Cost of construction service provided by the Developer plus mark up of 10%, so far as it pertains to the Land Owner's share of the project 3. Open Market Value (OMV) of the units allotted by Developer to the Land Owner, after considering one third deduction for land value	Assuming it is the Government's intent to levy GST on development rights granted under a JDA (going by Notification 4/2018, which prescribes time of supply), the ambiguity surrounding the valuation of such rights then needs to be addressed and clarity needs to be provided by the Government as to the value on which GST needs to be paid by the Land Owner. In the absence of clear guidelines, there are currently divergent practices/ views in the industry. A clarification on this topic will ensure consistency by all industry players and avoid unwarranted litigation.
10.	Applicability of GST to slum rehabilitation projects	The industry represents that – (a) Construction of rehab portion for slum dwellers in a Slum Rehabilitation (SRA) Project should be zero-rated;	In cases of SRA projects, the consideration for the Developer arises only from the sale of 'free sale area' of the project, whereas the rehab portion (to be given to slum dwellers) is actually constructed free of cost. The

		Or (b) Alternatively, the rate of GST should be reduced to 5% (with full input credit) on construction of the rehab portion for slum dwellers in a SRA Project.	construction of the rehab portion is necessary for the Developer in order to be able to develop and sell the 'free sale area' to general public, and to that extent, is akin to an input service for the activity of construction and sale of the Free Sale Area. However, as per current provisions of the GST law, both activities amount to output supplies for the Developer and hence, he is unable to set off the GST paid on the Rehab portion against the GST liability on the Free Sale Area. In view of the unintended additional cost of GST arising from the transaction, the viability of undertaking these kind of projects is becoming a challenge for several industry players. Hence, it is being represented that the construction of the Rehab portion should be zero-rated (similar to the concept of intermediate excisable products captively consumed in manufacture of final excisable products, being exempted from excise duty). Alternatively, a lower rate of GST may be prescribed for these kind of projects, with full input tax credit available to the Developer.
11.	Absence of refund mechanism on overflow of input tax credit	The restriction that is currently placed for not allowing refund of GST on account of inverted duty structure needs to be removed	Currently, the benefit of refund available in case of inverted duty structure is not extended to players in real estate industry despite the fact that they are

		and even real estate developers should be allowed to take the refund on account of inverted duty structure	subject to 12 % GST, considering deemed land value deduction, and bulk of the inputs / input services being subject to 18% GST and cement subject to 28% GST. This is resulting in a huge cost to the developers and therefore, they are left with no option but to consider increased cost for the purpose of determining the sale price for ultimate buyers, which is the general public. Since the concept of refund for inverted duty structure is available under GST regime and is a business friendly measure adopted by the Government, the industry represents that the same should be extended to real estate sector as well.
12.	Credit of GST on the construction/ purchase of commercial property for the purpose of earning lease rentals.	To suitable amend the GST law to allow the credit of GST incurred on construction of commercial and rent generating assets. Alternatively, the GST rate on construction of such commercial property should be lowered to 5%	The fundamental theme of GST to abolish the cascading effect of taxes and provide seamless credits. However as per the current regime the GST credit is not allowable on construction/ purchase of property which is subsequently leased out. GST cost incurred on construction is directly linked and input cost for the lease income which is liable for GST.
		II. Direct Tax	
13.	Loss of rebate on principal and interest repayments if project is delayed	Allow tax rebate for delayed projects beyond three years	Loss of interest rebate due to delay in completion and loss of principal payment are of prime importance to homebuyers, especially end-users. Allow for at least 5 years for project completion and in a scenario where RERA is applicable this will help new buyers also which should boost housing sales.
14.	Dichotomy with respect to	Clarification should be provided that revenue	Earlier in May 2016, the ICAI had issued a ***Guidance***

	recognizing revenue for ongoing projects under normal tax provisions adoption of new revenue recognition standard – Ind AS 115 (applicable from 1 April 2018)	recognized in past year (till date of transition) should not be disturbed, while the revenue for future years (post transition) should be recognized basis the revised accounting treatment	***Note on Accounting for Real Estate Transactions ('GN')*** for entities to whom Ind AS is applicable and it was to be applied to all projects in real estate sector by entities to whom Ind AS applied. The aforesaid GN provided for recognition of income based on 'economic substance'. If the economic substance of the real estate transaction aligns with that of a 'construction contract', then GN provides for recognize revenue as per Percentage of Completion Method ('POCM') If the economic substance of the real estate transaction aligns with that of 'sale of goods', then GN provided for recognize revenue as per Project Completion Method ('PCM'). On issuance of ***Ind-AS 115 - Revenue from Contracts with Customers*** vide the Companies (Indian Accounting Standards) Amendment Rules, 2018 dated March 28, 2018, the Ind-AS-11 and Ind-AS 18 stand omitted. Accordingly, the **aforesaid GN has now been withdrawn by ICAI.** The core principle of Ind-AS 115 is that revenue needs to be recognized when the entity transfers control of goods and services to a customer at an amount that entity expects to be entitled. The primary shift in

			revenue recognition arises because existing standards look at transfer of risk and rewards while Ind-AS 115 looks at transfer of control.
15.	Double taxation of INR 1200 crores in Year 5 under MAT (as entire project revenue of INR 3000 crores shall get booked in Year 5) as the same may form part of book profits for the purpose of MAT	Amendment to Explanation 1 of section 115JB should provide for a downward adjustment under MAT for the purpose of reducing such INR 1200 crores (which has already been taxed in earlier years (i.e. in Year 1 and Year 2 when Ind-AS 115 was not adopted)	The tax officer may tax the income of INR 1200 crores in Year 5 under MAT (as it is included in book profits), basis following arguments: Decision of Apollo Tyres (255 ITR 273), on the ground that profit and loss account is prepared in accordance with Companies Act, 2013 and approved by auditors; No specific downward adjustment with respect to same is prescribed under Explanation 1 to section 115JB; Legislature has already taken abundant care to avoid double taxation under section 115JB (eg. Revaluation of fixed assets) and thereby, without any express provision to reduce such income for MAT purpose, it needs to be offered to tax. The aforesaid ambiguity may lead to long-drawn litigation, wherein the taxpayer will adopt a position to not offer such income under MAT (as the same is already taxed in pre-transition period) and lead to hardships. Thereby, an amendment to Explanation 1 of section 115JB should be carried out to provide for such downward adjustment of doubly taxed revenues.
16.	SEZ sunset Clause	Extending the benefit by a year to ensure	The government may look to extend the sunset clause

		more projects can be completed	or remove the MAT incidence as per Commerce Ministry recommendations
17.	Higher rebate for first-time homebuyers	Only additional INR 50,000 as interest rebate for first-time buyers who have taken loan of 35 lakhs for house property worth 50 lakhs. This can be increased for such buyers by additional amount	Increase by INR 50,000 or INR 1 lakh. Allow benefit to first-time homebuyers. This will benefit the affordable segment even more and without any direct interest subsidy burden.
18.	As per the section 23(5), after one year from the end of the financial year in which the certificate of completion of construction of the property is obtained, annual value of property is treated as taxable income even if the property is held as stock in trade.	It is suggested that 1) The said provision is withdrawn retrospectively from 1st April 2018. OR 2) The time limit of one year is extended to two years from the end of financial year in which occupation certificate is obtained. OR 3) Amend the section to tax the deemed income only when the property is developed as rent income generating assets (investment property as per Ind AS 40)	Real Estate developer assessee's held the land and building as inventory for development and sale to the consumers like any other manufacturer holds raw material, under process stock and finished goods. It is not possible for the real estate developers to lease out the ready to move inventory, hence taxing the deemed rental on the properties held for sale is highly unjustifiable. Further the sale of ready inventories are dependent on various factors and market conditions hence it may not be always possible to sale the entire inventory within 12 months of obtaining the occupation certificate.
19.	As per Section 43CA stamp duty valuation is deemed as full value of consideration of an asset (other than capital asset) being land and building. Finance Act 2018 provided marginal relief of 5% w.e..f. 1st April 2019	It is suggested that 1) Separate threshold is provided for residential and commercial assets. 2) The certificate from the chartered engineers is accepted in case of differential up to 20% of the stamp duty valuation instead of referring the same to	While Stamp duty valuation is fixed based on the market value of the property, the actual sale price is dependent on several factors like location, amenities, furnished or naked property, bulk or single property deals, price being inclusive or exclusive of taxes, competition and prevailing market rates. 43CA is a special provision and is attracted on specified

		the government's valuation officers. 3) Further, In order to avoid litigation, clarification is required that leasehold rights and tenancy rights would not fall within the meaning of "land or building or both" for the purpose of section 43CA of the Act.	assets "land" and "building". Any right in the nature of leasehold rights and tenancy rights may be considered as Capital Assets and included within the meaning of property u/s 2(14) but cannot be read as "land" or "building".
20.	As per Section 72A the benefit of carry forward of and setoff of accumulated losses and unabsorbed depreciation is allowed only in case of merger / amalgamation of the company owning the Industrial undertaking. As per the current definition, the construction of real estate is not qualified as Industrial Undertaking.	It is suggested to amend the definition of Industrial undertaking to include the construction and development of land and building for the purpose of sale.	This will enable the consolidation and consequential efficiency for the sector.
21.	Cash consideration forming part of 'deemed value of consideration', determined as per section 45(5A) of the Act is also considered as the cost of acquisition of constructed units received in	Cost of acquisition of constructed units received by land-owner which is determined as per section 49(7) of the Act should exclude the cash component (which also forms part of deemed value of consideration under section 49(7)	Typically, under a JDA arrangement, the land-owner is allotted a pre-determined share of constructed units. Out of the said units received, the landowner may keep a few units for himself and sells the rest of constructed units to third-party buyers. Thereby, on sale of these units to third-party buyers, the land-owner shall earn capital gains.

	view of section 49(7) of the Act		The cost of acquisition of such constructed units has to be determined basis section 49(7), as per which the 'deemed value of consideration', taxed under section 45(5A) of the Act becomes the cost of acquisition. The said 'deemed value of consideration' also includes the cash consideration (which usually is agreed in advance). Thereby, such component unintentionally becomes a part of the cost of acquisition of the constructed unit. Further, there is no clarity with respect to mechanism to be adopted for allocation of such cash component to the units allotted to the land-owner. Consider a scenario wherein, the land-owner is allotted 20 units of equal FSI (around 400 sq. feet) and 2 villas (around 2500 sq. feet) and the cash consideration received is 10 crores. The land-owner intends to sell all 20 units and keep the two villas for himself. There is a possibility that the landowner may use such non-clarification to his benefit and allocate majority of such cash consideration to those 20 units (which he intends to sell) in order to hike up the cost and reduce the capital gains tax liability. Thus, either the cost of acquisition should exclude such cash component or clarification should be provided for allocation of such

			consideration to the constructed units allotted to landowner.
22.	Applicability of provisions of section 45(5A) of the Act only to individuals and HUF's	The applicability of provisions of section 45(5A) should be expanded to cover other taxpayers as well (viz. Company, firms, LLPs etc.)	The explanatory memorandum specified that the intent for inserting section 45(5A) was to reduce genuine hardships faced by land-owners in paying the capital gains tax liability in the year of transfer under JDA. Similar to individuals and HUF's, any other taxpayer (viz. Company, firms, LLPs co-operative societies etc), who being a land-owner intends to enter into a JDA for development of property, would also be faced with similar hardships. Further, the upfront taxation for other tax payers, for whom section 45(5A) is not applicable is based on the stamp duty values which may result in substantial cash-outflow. It should be noted that conserving cash flows for working capital and business needs is a priority for all tax payers (and not just of Individuals and HUF's). There may also be situations, wherein non-eligible taxpayers have not entered into a JDA, due to the upfront tax levy in such transaction, even though they may be satisfying other conditions specified in section 45(5A) of the Act. Widening the applicability of such beneficial provisions to other taxpayers will give an impetus to enter into JDAs and thereby boost real estate sector.
23.	Issuance of part certificate of completion ('COC'), may	In order to remove ambiguity and reduce risk of pro-longed litigation, it should be clarified	As per plain reading of section 45(5A), once COC is issued for any part of the JDA project, capital gains

	trigger capital gains of entire JDA transaction in the hands of land-owner under section 45(5A) of the Act	that capital gains for the landowner should trigger only in that year in which COC is issued for his share in the constructed property and liability should be restricted to that part of the project for which COC is issued	under section 45(5A) for the entire land will trigger. The year of taxability is linked to issuance of COC, whether part or in full. Further, it may be triggered even if COC is issued only for the developer's pre-determined share of property. There is nothing contained in the provision which provides for taxability of capital gains proportionate to the area covered within part of COC. In a scenario, where the land-owner intends to hold onto part of his share (expecting value appreciation in future years when COC shall be issued), however, part COC is issued in case of developer's share of property (which is completed), thereby capital gains liability would trigger for the land-owner and he may be forced to sell the units in pre-COC stage to meet the tax liability (thereby leading to hardship which was not the intent of insertion of section 45(5A)). Hence, the liability for capital gains tax should be in proportion to the COC issued.
24.	Exemption available to Sponsor from capital gains tax arising upon transfer of shares of SPV's (formed as companies) to the Real Estate Investment Trust ('ReIT'), in exchange of units in ReIT	Exemption to be extended for Sponsor upon transfer of following to the ReIT in exchange of units in ReIT : • Shares of Holding Companies (which in turn holds shares of SPV); or • Interest in SPVs (set up as LLP); or • Properties	Section 47(xvii) specifically provides that if shares of SPV (formed as company) are transferred to the ReIT in exchange of units, then such transaction will not be regarded as a taxable 'transfer' and thereby, the Sponsor would be exempt from paying any tax on such exchange. In a situation, wherein a Sponsor intends to transfer other capital asset (viz. shares of Holding company/

			interest in LLP/properties), then such transfer is not covered under section 47 and thereby, transfer of any of these assets would attract tax for the Sponsor. Sponsor would be subject to tax on the gains depending upon the period of holding (i.e. LTCG at 20% if the held for more than 24 months and STCG at applicable rates if held for 24 months or less). This may not provide a motivation for the Sponsor to set up the ReIT in the first place and thereby, the relaxation should be provided for the aforesaid assets, as well.
25.	Units of ReIT held by investors shall convert into long-term capital assets (‘LTCA’) only if they are held for minimum period of 36 months	The aforesaid period of holding should be reduced to 12 months (as applicable for listed shares) or 24 months (as applicable for unlisted shares)	The requirement to hold the units for 36 months may act as a nonstarter. Thereby, many of the investors may not be eligible to utilize the beneficial tax rate on long-term capital gains of 10%. Thereby, to provide an incentive to the unit-holders for investing in real-estate sector through ReIT, the first proviso to section 2(42A) *(which provides for assets for which period of holding is reduced to 12 months for qualifying as LTCA)* should be amended to include ‘units of ReIT listed on recognized stock exchange’, in line with listed shares.
26.	Absence of complete pass-through status for capital gains on sale of shares or debentures of Holding company/ SPVs by ReIT	Complete pass-through status should be allowed for ReIT on sale of share or debentures of Holding company/ SPVs by ReIT	The characteristic of income in the hands of unit-holders is same as the characteristic of income earned by ReIT. As the capital gains arising on sale of shares or debentures of Holding company/ SPVs is currently being taxed in the hands of ReIT, it suffers taxation at 20% (typically long term due to mandatory time limit

			for holding shares). However, in case of non-resident unit holders, the tax rate for long-term capital gains in 10% under the Act and some tax treaties also provide for exemption on capital gains on sale of debentures. The non-residents lose out on such exemption due the partial-pass through regime currently in place. Thereby, the current provisions should be amended to provide for a complete pass-through tax scheme with respect to capital gains earned by ReIT on sale of shares or debenture of Holding Company/ SPVs, so that non-resident unit-holders can benefit by using the lower tax rate on capital gains applicable to them.
27.	Lapse of past business loss under section 79 of the Act on change in shareholding due to transfer of shares to ReIT in exchange of unit	Provide a carve-out to exclude such change in shareholding so that losses do not lapse	In case the SPV has substantial business losses then lapse of such business losses due to transfer of stake in SPV to ReIT may prove to be detrimental in the mind of Sponsor and may in-effect incline the Sponsor to not undergo through the ReIT route. Thereby, an exception should be provided under section 79 to exclude such SPVs whose more than 51% shareholding has undergone change due to receipt of units of ReIT in lieu of the same. The said amendment would provide impetus to the ReIT scheme.
28.	Restriction on set off of loss from house property against the income under any other head of income during the	Restriction of allowability of set off of House Property loss only up to Rs 2 Lacs against other heads of income should either be completely removed or commercial	Until FY 2016-17, house property loss was allowed to be set-off against income arising under any other heads of Income during the same year. Section 71(3A) has been introduced effective from FY 2017-18

	same year up to Rs 2 lakhs	properties should be excluded from this provision	(Assessment Year - 2018-19) to restrict the set off of loss from house property against the income under any other head of income during the same year up to Rs 2 lakhs. The loss not so set off (exceeding Rs 2 Lacs) would be allowed to be carried forward for set off against house property income for next eight assessment years. The intention behind this amendment appeared to be curbing interest deduction in respect of 2nd house property owned by an Individual or a HUF. However, the amendment is applicable to all house properties including commercial house property. This is detrimental to Real Estate Industry engaged in construction and leasing of commercial properties wherein in the initial years heavy House Property loss is generated due to interest deduction. Hence this restriction of allow ability of set off of House Property loss only up to Rs 2 Lacs against other heads of income should either be completely removed or commercial properties should be excluded from this provision.
29.	Lower limit of carpet area of residential unit comprised in Housing project leading to nonadherence of conditions specified in section 80-IBA (Affordable housing), thereby difficult to avail the benefit of	The limit of thirty Sq. Meters carpet area for residential units located in Chennai, Delhi, Kolkata and Mumbai should be enhanced to sixty Sq. Meters and sixty sq. Meters in any other place should be enhanced to eighty sq. meters.	Benefits of Section 80-IBA is restricted to the extent that carpet area of residential unit comprised in the housing project does not exceed thirty square metres where the project is situated in Chennai, Delhi, Kolkata and Mumbai and Sixty Sq. Meters if the project is located in any other place. The limits of thirty Sq. metres carpet area should be enhanced to sixty Sq.

	section 80-IBA		metres and sixty sq.mtrs should be enhanced to eighty Sq. meters, which in turn will benefit the real estate industry.
30.	Need for extension of timelines for approval u/s 80IBA to 31st March 2020, for tax exemption for affordable housing projects	It is suggested to extend the timelines for approval of the projects up to 31st March 2020.	In order to fulfil the government aim of Housing for all by 2022.
31.	Applicability of MAT and AMT, despite 100% profit deduction available under section 80-IBA	Exclude the profits from projects qualified under section 80-IBA from the ambit of MAT/AMT provisions or to reduce the MAT/AMT rate on such profits suitably.	Eligible projects entitled for 100% deduction under section 80-IBA are subjected to payment of (MAT) Minimum Alternate Tax or (AMT) Alternate minimum Tax at an effective tax rate of approx. 21.34%. Utilisation of this MAT / AMT credit in succeeding 10 years is very difficult as the law allows to set-off the accumulated MAT/AMT credits only to the extent of differential amount of regular tax and MAT/AMT payable in the respective years. It may take 8 to 10 years for a Taxpayer to utilise the accumulated MAT/AMT credit, which on a net present value basis is quite insignificant. Effectively, the Taxpayer ends up paying tax at approx. 21.34% despite the 100% deduction in the tax computation. It is therefore suggested either to exclude profits from projects qualified undersection 80-IBA from the ambit of MAT/AMT provisions or to reduce the MAT/AMT rate on such profits suitably.

32.	Relaxation of some conditions for claiming deduction under section 80-IBA: 1) The limit on carpet area of shops and commercial establishments is restricted to 3% of the aggregate carpet area. 2) As per the extant provisions of section 80-IBA, the project shall be deemed to have been completed when a certificate of completion of project as a whole is obtained in writing from the competent authority.	1) It is suggested that this limit should be relaxed to say that if the limit as per the relevant competent authority of the jurisdiction is more, then that limit should apply 2) It is suggested that if there are different phases in the project, then the period of completion of 5 years should be based on the start of each phase.	If the carpet area of shops and commercial establishments based on the requirement of the relevant competent authority of the jurisdiction is more than the limit of 3% of the aggregate carpet area prescribed, then there is a difficulty in going ahead with the affordable housing project. In case of development of affordable housing project on a big parcel of land consisting of various buildings, it will be difficult to complete the entire project as a whole within a period of 5 years. Generally, such huge projects are divided in phases. In such case, the time period of completion for each phase should be 5 years. Accordingly, the 5 years period should start from taking of all approvals for a particular phase.
33.	TDS @ 1% u/s 194IA	It is recommended that since the Govt. can obtain the data from various other sources like AIR, Stamp duty authorities, etc, there is no need to put the burden of compliances on consumers for 1% TDS.	The main purpose of bringing the requirement of 1% TDS was to capture all major property transactions. The same information is available to Govt from various other sources like stamp duty authorities, Annual information Returns (AIR), Property registrar's office, hence there seems to be justifiable case for removal of

		Alternatively the same may be exempted for Business (B) to Consumer (C) transaction. OR The limit of Rs 50 lacs be increased to 1 Crs in case of metro cities. OR In the cases of B2C transactions, the exemption for TDS deduction is provided on the condition that (i) the Seller deposits 1% of the collections on a monthly basis; and (ii) it furnishes a statement containing all the details of Form 26QB on a monthly basis.	this same compliance burden. At present the limit of Rs 50 lacs is general irrespective of locations and type of property. The property market of metro cities are completely different from non-metro cities, hence there should be higher threshold limits for the metro cities.
34.	Deduction of interest on housing loan under section 24(b) and deduction under section 80C	1) It is recommended that the limit for deduction of interest on housing loan under section 24(b) shall be removed or be increased from INR 200,000 to INR 10,000,000. 2) Further, the deduction of principal amount of housing loan repaid should not be clubbed along with other deductions under section 80C but should be allowed as a deduction separately over and above the limit of INR 150,000 under section	Most of the salaried people buy a home by taking a housing loan and use their hard earned money to pay such loan. These deductions will increase their purchasing power and boost the real estate sector as well as the economy.

		80C. Alternatively, the limit under section 80C should be increased to INR 300,000.	
35.	Reduction in holding period in case of immovable property, being land or building or both, to qualify as long term capital asset u/s 2(42A) is not made in sections 54, 54B, 54D and 54F.	In line with the amendment in section 2(42A), amendment needs to be made in sections 54, 54B, 54D and 54F. These sections restrict transfer of new assets purchased for 3 years.	The intention of the legislature is to boost the economy and the same is done to promote the real estate sector and to make it more attractive for investment
		III. Transfer of Property Act	
36.	Registration cost under Transfer of Property Act for purchase of land is a considerable amount for which the Builders are not getting any benefit.	Registration cost under Transfer of Property Act for purchase of land should be allowed as ITC.	This shall also negatively impact the revenue of the Govt., which may be recouped by introduction of policy.
		IV. Infrastructure Status	
37.	Infrastructure Status to the real estate industry	Grant Infrastructure status to real estate	Many reckon that the real estate sector is one of the biggest employers in the country, impacting the country's GDP in a major way. Affordable housing has the aforementioned status already. Extension of Infrastructure industry status would help the developers to reduce their cost of capital and, eventually, reducing the overall price for the customers