THE EXPERTISE COMMENTS ON GST

Q. How will GST impact the Indian real estate sector?

A. Implementation of GST will result in a one tax system replacing various taxes collected under different heads such as Service Tax, VAT, LBT etc. Therefore, under GST, taxation will be simpler and transparent.
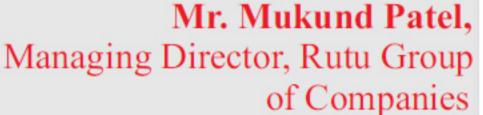
Q. Will property prices go up, with the GST being applicable on all construction-related materials and services?

A. In the beginning, it may result in increase in the overall construction cost. However, over a period of say, six months, prices of all the materials and services will settle down and average out resulting in more competitive prices.

Q. What will be the overall increase or decrease in property prices, once the GST is implemented?

A. As is the case with manufacturers and service providers, real estate prices will also settle down and average out (due to the benefits of input credits and transparency of taxation) resulting in more lucrative prices for flat buyers.

Q. GST is implemented from 1 July. At the same time RERA requires all the ongoing projects to get registered before 31 July. How are real estate developers managing these two big reforms? Do you think a 3-month window to get the ongoing projects registered is less?

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A. The real estate industry is entering a new era under RERA and GST. The developers and all the agencies involved in the development will have to be more responsible, accountable and transparent in their dealings. There is always some resistance to change, but the change is always welcome and leads to a better future. The details to be submitted for RERA registration, mainly the financial details of the project, will help the developer get a clearer picture of his business and his financial needs. Furthermore, this clarity will definitely bring success to his business. Therefore, RERA is a good opportunity for developers to give new direction to his business. Also, the three months time given for registration of on-going projects is fair and reasonable.